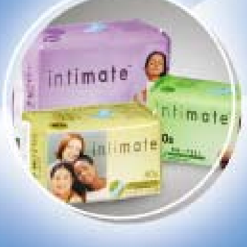
annual report 2003

NTPM HOLDINGS BERHAD

(384662-U)
(Incorporated in Malaysia
under the companies Act,1965)



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Contents

NTPM Holdings Berhad
(384662 U)
(Incorporated in Malaysia)

Group Structure

NTPM Holdings Berhad (384662-U)

Provision of management support services and investment holding.

100%

Nibong Tebal Enterprise Sendirian Berhad (95077-H)

- *Trading in tissue and paper products, cotton products, sanitary napkins and mineral water.*

100%

Nibong Tebal Paper Mill Sdn Bhd (22772-A)

- *Manufacturing of tissue and paper products, trading in cotton products, sanitary napkins and investment holding.*

60%

Jia In Sdn Bhd (161672-A)

- *Printing of operating manuals, journals and packaging materials.*

100%

Nibong Tebal Paper Products Pte Ltd (198600763K)

- *Trading in tissue and paper products, cotton products, sanitary napkins and general merchandise.*

100%

Nibong Tebal Personal Care Sdn Bhd (formerly known as Entroplus (M) Sdn Bhd)(228234-U)

- *Manufacturing of sanitary napkins.*

100%

H-Link Sdn Bhd (378479-H)

- *Dormant*

Board of Directors

Teoh Boon Beng @ Teoh Eng Kuan
(Non-Executive Chairman)

Lee See Jin
(Managing Director)

Lee Chong Choon
(Executive Director)

Teoh Teik Jin
(Non-Executive Director)

Lim Han Nge
(Senior Independent Non-Executive Director)

Tan Hock Soon
(Independent Non-Executive Director)

Audit Committee

Tan Hock Soon
(Independent Non-Executive Director, Chairman)

Lim Han Nge
(Senior Independent Non-Executive Director, Member)

Lee Chong Choon
(Executive Director, Member)

Head Office

No. 886, Jalan Bandar Baru, Sungai Kecil,
14300 Nibong Tebal, Seberang Perai Selatan,
Pulau Pinang.
Tel No: 04-593 1296 / 04-593 1326
Fax No: 04-593 3373
Email: nthb@ntpm.com.my
Website: www.premier.com.my

Company Secretary

Thum Sook Fun (MAICSA 7025619)

Registered Office

Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar, 10200 Pulau Pinang.
Tel No: 04-263 1966 / 261 4680
Fax No: 04-262 8544

Auditors

Ernst & Young
Chartered Accountants
22nd Floor, MWE Plaza,
No. 8, Lebuh Farquhar, 10200 Pulau Pinang.

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Bhd

Share Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar, 10200 Pulau Pinang.
Tel No: 04-263 1966 / 261 4680
Fax No: 04-262 8544

Stock Exchange Listing

Main Board of the
Kuala Lumpur Stock Exchange

Stock Name : NTPM
Stock Code : 5066

Corporate
Information

The details of the Board of Directors of NTPM Holdings Berhad ("the Company" or "NTHB") are as follows:

Teoh Boon Beng @ Teoh Eng Kuan

Aged 70, a Justice of Peace, was appointed to the Board of Directors of NTHB as Non-Executive Chairman of NTHB on 26 April 2000. He obtained the Higher School Certificate in 1954. He is a businessman with vast experience and knowledge in various business sectors including rice milling, oil palm and rubber plantation and agriculture. Currently, he owns and operates a rice mill. He has been the deputy president of Kedah Chinese Chamber of Commerce and Industries since 1991. He also sits on the board of several private limited companies.

Lee See Jin

Aged 64, was appointed to the Board of Directors of NTHB on 20 October 1996. He obtained the Higher School Certificate in 1960. He is the Managing Director of NTHB and a Director of all the subsidiaries of NTHB. He is a founder of the Group and has been in the paper industry for more than 25 years. Over these 25 years, he has gained in-depth experience and knowledge of the paper industry in Malaysia.

Lee Chong Choon

Aged 38, was appointed to the Board of Directors of NTHB on 10 November 1999. He is the Executive Director of NTHB and also a Director of all the subsidiaries of NTHB. He is also a member of the Audit Committee of the Company. He holds a Diploma in Civil Engineering from the Singapore Polytechnic. He has extensive experience in process engineering and has provided NTHB Group with technical manufacturing expertise. He has been the Financial Controller of Nibong Tebal Paper Mill Sdn Bhd ("NTPM") from 1995 to 1997 and the Country Sales Manager of NTPM from 1997 to 1999. He has also been instrumental in spearheading the progress of the Group and the development of the Group's products.

Teoh Teik Jin

Aged 36, was appointed to the Board of Directors of NTHB on 15 October 1999. He is the Non-Executive Director of NTPM and also a Director of Jia In Sdn Bhd. He graduated from University of Southern California, US with a Bachelor of Science in Electrical Engineering (Computer). He later obtained a Master Degree in Business Administration from University of San Francisco. His first job was as a Marketing Officer in a Singapore listed company, SAL Leasing Pte Ltd before moving to ESSO Singapore Refinery as a Business Analyst. Subsequently, he joined a local public listed property company, Oriental Interest Bhd as a Manager and later Penpen Sdn Bhd as Project Manager before venturing into his own business. He currently sits on the board of his own private limited companies such as T.J. Civil & Structural Contractor Sdn Bhd and T.J. Computer Sdn Bhd as Managing Director. He is also a Director of T.J. Aquaculture Sdn Bhd, Sampurna Wibawa Sdn Bhd and Teras Tuah Sdn Bhd.

Board of Directors

Lim Han Nge

Aged 48, was appointed as the Senior Independent Non-Executive Director of NTHB on 29 January 2003. He is also a member of the Audit Committee of the Company. He graduated from Coventry University, United Kingdom with a Bachelor of Arts (Honours) in Business Law. Thereafter, he qualified as a barrister (Lincoln's Inn, United Kingdom) in 1978 and was called to the Malaysian Bar in November 1979. Since then, he has been active in local legal practice. He is a practising advocate & solicitor and is currently a partner in the legal firm of Messrs. Jin-Nge & Co, Alor Setar. He is a Director of several private limited companies and is a legal adviser to several non-governmental organisations in Kedah.

Tan Hock Soon

Aged 31, was appointed as an Independent Non-Executive Director of NTHB on 29 January 2003. He is also the Chairman of the Audit Committee of the Company. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He commenced his career as an Articled Clerk with KPMG in January 1992 and left as an Audit Supervisor in June 1996. He joined CIMB in July 1996 before leaving as an Assistant Manager in March 1999 to set up his own business. He is currently an Executive Director of Merces Holdings Bhd, a company listed on the Second Board of the KLSE. He is also a Director of several other private limited companies.

All the above Directors are Malaysian. Save for Mr. Lee See Jin who is the father of Mr. Lee Chong Choon and Mr. Teoh Boon Beng @ Teoh Eng Kuan who is the uncle of Mr. Teoh Teik Jin and father of Mr. Teoh Teik Lin and Mr. Teoh Teik Kee, major shareholders of the Company, none of the Directors are related to each other and / or any major shareholders of the Company. In addition, all the above Directors have no conflict of interest with the Group and have never been charged for any offence other than traffic offences, if any, in the past 10 years.

Board of Directors

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of NTPM Holdings Berhad ("NTHB") for the year ended 30 April 2003.

FINANCIAL RESULTS

This financial year had been good for us as sales of tissue products continue to increase in both the local market and export market.

Net profit increased to RM28.7 million (RM26.4 million in 2002) and earnings per share improved to 4.6 sen (4.2 sen in 2002).

TRENDS AND PROSPECTS

The demand for tissue products is expected to continue to be strong at the local front. As for overseas market, NTHB continues to maintain a strong presence in the traditional markets in the Asean region and had made considerable inroads in Australia and New Zealand.

In March 2003, NTHB launched a new product, sanitary napkins.

Baring unforeseen circumstances, with the continued strong demand for the Group's products, the Group will be able to achieve satisfactory improvements in both revenue and profitability for the next financial year.

DIVIDENDS

The Board is pleased to recommend a final tax-exempt dividend of 9.62% for the financial year ended 30 April 2003.

The recommended dividend is subject to shareholders' approval at the forthcoming Annual General Meeting which will be held on 26 September 2003.

ACKNOWLEDGEMENTS

The listing of the Company has brought about changes and demands in the Group and on behalf of the Board I would like to express my deepest appreciation to the management and employees for their hard work, contributions and support during this period.

I would also like to thank my colleagues on the Board for their support and advice, and to our shareholders, business associates and customers for the valued loyalty and confidence in NTHB.

TISSUE PRODUCTS

Tissue products will continue to enjoy strong demand in the local front. Sales to overseas market are also expected to increase in view of encouraging sales in the traditional markets in ASEAN countries and in Australia and New Zealand. The dismantling of trade barriers and lowering of tariff among ASEAN countries will result in a transitional period with some adjustments in the market. NTHB is expected to face these challenges in stride due to its established brand names for the products, having an excellent distribution network, competitive pricing and reliability of the products.

NTPM is currently operating close to 90% of its capacity for tissue products and will add another 66% capacity upon commissioning of a new 100 metric ton paper machine by the third quarter of 2004.

SANITARY NAPKINS

Since the launch of the products in March 2003, sales have been rising steadily. Upon commencement of new production lines in the third quarter of the current financial year, a wider product range will be available to cater for different market segments.

QUALITY MANAGEMENT SYSTEM

The Group's commitment to quality management system is demonstrated when three companies; Nibong Tebal Paper Mill Sdn Bhd, Nibong Tebal Enterprise Sdn Bhd and NTHB achieved certification for MS ISO 9001:2000. NTHB continues to re-affirm its commitment to quality management system by implementing Total Quality Management programs in its quest to strive for continuous quality improvements.

PRODUCT RECOGNITION

In February 2002, NTHB achieved double recognitions for its products when the Ministry of International Trade and Industry recognized "Premier" brand for the "Special Award for Local Brand" and "Cutie" brand was awarded the "Special Award for Product Excellence".

CORPORATE DEVELOPMENT

On 25 April 2003, NTHB successfully listed its shares on the Main Board of the Kuala Lumpur Stock Exchange. This would not have been possible without the dedication, commitment and continuous support of the employees.

The listing will now provide opportunities on NTHB to embark on new challenges to bring the Group to the next level of success.

The Board of Directors of NTHB fully appreciates the importance of adopting the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code"). The Board will maintain a transparent disclosure of the manner and extent that NTHB has applied the said principles and best practices.

The Company has applied all the Best Practices relating to the Code with the exception of the areas highlighted below. The reasons for such departures are specified therein.

Best Practices	Reasons
i. Appointment of a nomination committee.	• The appointment of new Board members will be a matter for the whole Board to deliberate upon.
ii. Appointment of a remuneration committee.	• The remuneration of the Executive Directors is a matter for the Board as a whole to deliberate upon based on market conditions, responsibilities held and the financial performance of the Group.
iii. Audit Committee to meet the external auditors without Executive Board members present annually.	• The Audit Committee has yet to conduct a dialogue session with the external auditors in the absence of Executive Board members in view of the recent establishment of the Audit Committee in January 2003 and only one Audit Committee meeting was held during the financial year 2003. • However, subsequent to the financial year 2003, the Audit Committee has met the external auditors without Executive Board Members present in compliance with this Best Practice.
iv. Establishment of an internal audit function.	• The Company is currently in the process of establishing an internal audit department and is in the progress of engaging a professional firm specialising in management assurance services to establish an enterprise risk management framework and perform internal audit based on risk management methodology.

DIRECTORS

The Board

The Group acknowledges the vital role played by the Board of Directors in the stewardship of the directions and business operations of the Group, and ultimately the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including strategic direction, establishing goals for the management and monitoring the achievement of these goals.

Meetings and Attendance

For the financial year ended 30 April 2003, the Board met once with full attendance as NTHB was only listed on the Kuala Lumpur Stock Exchange ("KLSE") on 25 April 2003.

Board Balance

The Board currently has six (6) members comprising a Non-Executive Chairman, two (2) Executive Directors, one (1) Non-Executive Director and two (2) Independent Non-Executive Directors. The Board has complied with the Listing Requirements of the KLSE that at least two (2) directors or 1/3 of the Board comprise of Independent Directors.

The Directors collectively, with their different backgrounds and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, engineering, regulatory and operations which is relevant to the Group. A brief profile of each individual Director is set out on pages 4 to 5 of this annual report.

There is a clear division of roles and responsibilities between the Chairman (non-executive capacity) and the Managing Director (executive capacity) to ensure that there is a balance of power and authority. The Chairman holds a non-executive position and is primarily responsible for matters pertaining to board and overall conduct of the Group. The Managing Director oversees the business operations of the Group and the implementation of the Board's decisions and policies.

The Board is satisfied that the Independent Directors represent the interest of public shareholders in the Company. Mr. Lim Han Nge is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

Supply of Information

The agenda and a full set of papers which encompass both qualitative and quantitative information are forwarded to the Directors at least seven (7) days prior to the meeting to ensure that the Directors have sufficient time to study them and be properly prepared for each meeting. Where necessary, the Directors can obtain clarifications, further explanations or information so that deliberations at the meeting are focused and constructive.

All Directors have unrestricted access to any information pertaining to the Group. The Directors also have access to the advice and services of the Company Secretary.

Directors' Training

All members of the Board will be attending the Mandatory Accreditation Program ("MAP") conducted by Research Institute of Investment Analysts Malaysia, an affiliate of the KLSE by end of year 2003. The Directors are committed to attend the Continuous Education Program ("CEP") to keep abreast with developments in the market place.

Directors' Remuneration

The remuneration package of each Executive Director is structured so as to link rewards to corporate and individual performance.

The Non-Executive Directors' remuneration comprises fees and allowances. Determination of the said remuneration is balanced with their expected roles and responsibilities including any additional work and contribution required.

The Directors' remuneration is analysed as follows:

	Fees	Salaries & Bonuses	Benefits-in-kind	Allowance	Total
Executive Directors	60,000	1,275,934	18,700	–	1,354,634
Non-Executive Directors:	100,000	–	–	–	100,000

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	–	4
RM250,001 - RM300,000	1	–
RM1,050,001 - RM1,100,000	1	–

The Board has considered the Best Practice of the Code on disclosure of details of the remuneration of each Director and is of the view that it is inappropriate to disclose the remuneration of individual Directors. However, the above disclosure was made in accordance with the format as prescribed by the Listing Requirements of the KLSE.

SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. The timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

The Executive Directors meet up with and brief financial analysts and representatives from securities firms on an ad hoc basis.

The Annual General Meeting ("AGM") represents a principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 21 days before the date of the meeting. The shareholders are encouraged to raise questions both about the Group's financial results and operations in general.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual audited financial statements and announcement of quarterly reports to shareholders.

Internal Control

The Statement on Internal Control furnished on page 15 of the annual report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Audit Committee (AC) maintains an appropriate relationship with the Group's auditors. The roles, authority and responsibilities of the AC are presented in the report set out on pages 13 – 14 of this annual report.

The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with applicable approved accounting standards. During the year, non-audit fees of RM98,758 were paid to the Group's external auditors in relation to the listing of NTHB on the KLSE and professional fees paid to them as tax agent.

This statement is made in accordance with a resolution of the Board of Directors dated 25 August 2003.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KLSE

Utilisation Of Proceeds

As the listing exercise of the Company, as stated in the Prospectus dated 17 March 2003, consisted solely of an offer for sale, no proceeds were received by the Company during the financial year.

Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

Options, Warrants Or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

American Depository Receipt ("ADR") Or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition Of Sanctions And Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

During the year, non audit fees of RM98,758 were paid to the Group's external auditors in relation to the listing of NTHB on the KLSE and professional fees paid to them as tax agent.

Variation Of Actual Profit From Profit Forecast

For the financial year ended 30 April 2003, there was no material deviation in the consolidated profit after taxation and minority interest as compared with the forecast submitted to the Securities Commission, pursuant to the listing exercise of the Company on the Main Board of the KLSE.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Material Contracts for the year ended 30 April 2003

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

COMPOSITION

The Audit Committee, which was established on 29 January 2003, consists of three members as follows:

Chairman Tan Hock Soon *(Independent Non-Executive Director)*

Members Lim Han Nge *(Senior Independent Non-Executive Director)*
Lee Chong Choon *(Executive Director)*

TERMS OF REFERENCE

Objective

To assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and financial reporting and determining the adequacy of the Company's control environments and quality of the audits.

Composition

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of no fewer than 3 members, the majority of whom must be independent. No alternate director is to be appointed as a member of the Committee.

At least one member of the Committee:

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and

 (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

 (b) he must be a member of one of the associations specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Chairman of the Committee shall be appointed among the members of the Committee who shall be an independent director.

Meetings

The Committee shall hold at least four regular meetings per year. In order to form a quorum, the majority of members present must be independent directors.

The Committee may invite any management staff and external auditors or professional adviser to be in attendance.

The Company Secretary shall be the secretary of the Committee.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to have the resources which are required to perform its duties, have full and unrestricted access to any information pertaining to the Company and have direct communication channels with the external and internal auditors.

The Committee is authorised by the Board to obtain external legal, independent or other professional advice and be able to convene meetings with external parties whenever deemed necessary.

Duties

- To nominate a person or persons as auditors.
- To discuss with the external auditors before the audit commences the nature and scope of the audit, ensure co-ordination where more than one audit firm is involved.
- To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
  - Any changes in accounting policies and practices
  - Major judgemental areas
  - Significant adjustments resulting from the audit
  - Compliance with accounting standards
- To ensure compliance with stock exchange and legal requirements.
- To review any related party transaction that may arise within the Company or Group.
- To review with the auditors, their audit plans, the evaluation of the system of internal controls and their audit reports.
- To review the internal audit programme, consider the major findings of the internal audit investigations and management's response and ensure appropriate action is taken.
- To review the adequacy of the scope, functions and resources of the internal audit functions and ensure that it has the necessary authority to carry out its work.
- To keep under review the effectiveness of the internal control systems.
- To review any letters of resignation from the external auditors and to determine whether there is any reason why the external auditors should not be re-appointed.
- To monitor the foreign currency transactions and determine and review the policies associated to each transaction annually.

Reports / Minutes

Minutes of each meeting shall be kept by the Company Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Audit Committee meeting.

Subsequent to the establishment of the Audit Committee on 29 January 2003, the Audit Committee met once during the year ended 30 April 2003 and all the members attended the meeting.

INTERNAL AUDIT DEPARTMENT

The Company was recently listed in April of this year on the Main Board of the Kuala Lumpur Stock Exchange and is currently in the process of establishing an internal audit department. The Group is in the progress of engaging a professional firm specialising in management assurance services to establish an enterprise risk management framework and perform internal audit based on risk management methodology. The engagement will also involve transfer of skills and training for selected personnel.

An internal audit department once established within the organisation structure of the Group will become an extension of the authority and duties of the Audit Committee. The functions of the Internal Audit Department are to provide independent and objective assurance and consulting services designed to add value and improve the Group's operational efficiency. It shall help the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

RESPONSIBILITY

The Board is ultimately responsible for the Group's system of internal control as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, internal controls can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance control.

The Board relies largely on the close involvement of the Executive Directors of the Group in the daily operations of the Group. There are periodic reviews of operational performance at management meetings. The Group is in the process of considering a formal approach on risk management.

The Board recognises the need for continuous improvement in its system of internal control and is taking steps to reinforce and to formalise its existing processes and procedures.

KEY PROCESSES

The key processes of the internal control functions are inculcated within the various procedures and include the following:

- Limited authority provides a sound framework of authority and approval limit within the organisation and to facilitate quality and timely corporate decision.
- A credit control review has been put in place and each entity within the Group is reviewed by the Credit Department.
- Performance reports are regularly provided to the Executive Directors for monitoring purposes.
- The Board reviews quarterly reports from management on the key operating performance, legal, environmental and regulatory matters. Financial performance is deliberated at the Board meetings.
- Weekly Senior Management Meeting attended by Senior Managers chaired by the Executive Director to deliberate on business, financial and operating issues which includes reviewing and approving all key business strategic measures and policies.

The Board continues to take measures to strengthen the internal control environment.

The statement is made in accordance with the resolution of the Board of Directors dated 25 August 2003.

Statement of The Directors' Responsibilities In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 April 2003:

- the Group and the Company have used appropriate accounting policies which are consistently applied;

- reasonable and prudent judgements and estimates were made; and

- all applicable Approved Accounting Standards in Malaysia have been followed.

The directors are also satisfied that measures have been taken to ensure that accounting records are properly kept in accordance with the Companies Act, 1965.

Financial Statements

NTPM Holdings Berhad
(384662 U)
(Incorporated in Malaysia)

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	**28,656,069**	**14,111,398**
Minority interests	**12,142**	**–**
Net profit for the year	**28,668,211**	**14,111,398**

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2002 were as follows:

	RM
In respect of the financial year ended 30 April 2002 as reported in the directors' report of that year:	
Final tax exempt dividend of 208.38% paid on 26 February 2003	**8,108,701**
In respect of the financial year ended 30 April 2003:	
Interim tax exempt dividend of 154.19% paid on 26 February 2003	**6,000,000**
	14,108,701

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 April 2003, of 9.62% on 624,000,000 ordinary shares of RM0.10 each, amounting to a total dividend payable of RM6,000,000 (0.96 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2004.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Lee See Jin
Lee Chong Choon*
Teoh Boon Beng @ Teoh Eng Kuan
Teoh Teik Jin
Lim Han Nge* (appointed on 29 January 2003)
Tan Hock Soon* (appointed on 29 January 2003)
Lee Chong Chat (resigned on 29 January 2003)
Teoh Teik Lin (resigned on 29 January 2003)

* Being members of Audit Committee

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1.00/RM0.10 Each					
	1 May 2002	**Share split**	**Bonus issue**	**Bought**	**Sold**	**30 April 2003**
The Company						
Direct						
Lee See Jin	1,371,598	13,715,980	206,230,407	3,185,300	(45,913,093)	177,218,594
Lee Chong Choon	195,005	1,950,050	29,320,515	–	–	31,270,565
Teoh Teik Jin	183,150	1,831,500	27,538,024	–	(6,618,311)	22,751,213
Indirect						
Lee See Jin	87,893	878,930	13,215,395	–	–	14,094,325 *
Teoh Boon Beng @ Teoh Eng Kuan	443,462	4,434,620	66,677,954	–	(46,961,506)	24,151,068**

* Deemed interested by virtue of his spouse's interest in the Company pursuant to Sections 6A and 122A of the Companies Act, 1965.

** Deemed interested by virtue of his shareholdings in Kota Beras Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' INTERESTS (cont'd)

Lee See Jin, by virtue of his interests in shares in the Company, is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company:

(a) subdivided its existing one ordinary share of RM1.00 each into 10 ordinary shares of RM0.10 each. As a result, the issued and fully paid up share capital of the Company has been changed from 3,891,299 units of ordinary share of RM1.00 each to 38,912,990 units of ordinary share of RM0.10 each; and

(b) increased its authorised share capital from RM10,000,000 to RM250,000,000 through the creation of 2,400,000,000 ordinary shares of RM0.10 each at par; and

(c) increased its issued and fully paid up share capital from RM3,891,299 to RM62,400,000 by the bonus issue of 585,087,010 new ordinary shares of RM0.10 each credited as fully paid up on the basis of approximately 150,358 new shares for every 10,000 existing shares held, by way of capitalisation of RM58,508,701 from the revaluation reserve account of the Company.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary in the financial statements of the Company. The directors were also satisfied that all known bad debts had been written off and that adequate provision had been made for doubtful debts in the financial statements of the Group; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company nor are they aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (cont'd)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

OTHER SIGNIFICANT EVENTS

The other significant events during the financial year are as disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

LEE SEE JIN

LEE CHONG CHOON

Penang, Malaysia
Date: 15 August 2003

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, LEE SEE JIN and LEE CHONG CHOON, being two of the directors of NTPM HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 24 to 64 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

LEE SEE JIN

LEE CHONG CHOON

Penang, Malaysia
Date: 15 August 2003

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, ONG SWEE CHYE, being the Officer primarily responsible for the financial management of NTPM HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 64 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed ONG SWEE CHYE)
at Georgetown in the State of Penang)
on 15 August 2003) **ONG SWEE CHYE**

Before me,

CHAI CHOON KIAT, PJM
No. P.073
Commissioner for Oaths

Report of The Auditors To The Members

of NTPM Holdings Berhad
(Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 24 to 64. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 30 April 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of a subsidiary of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LIM ENG HUAT
No. 2403/04/05(J)
Partner

Penang, Malaysia
Date: 15 August 2003

Income Statements

For The Year Ended 30 April 2003

	Note	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM (Restated)
Revenue	3	**185,751,805**	181,701,845	**15,775,368**	17,572,000
Other operating income	4	**756,280**	709,281	**–**	–
Changes in inventories of finished goods and work-in-progress		**1,273,070**	140,568	**–**	–
Purchase of trading inventories		**(4,520,099)**	(1,527,620)	**–**	–
Raw materials and consumables used		**(66,486,312)**	(65,212,421)	**–**	–
Staff costs	5	**(29,882,900)**	(28,362,695)	**(70,000)**	(30,000)
Sundry wages		**(1,411,389)**	(1,855,188)	**–**	–
Depreciation		**(11,992,622)**	(11,584,946)	**–**	–
Utilities costs		**(11,727,546)**	(11,263,252)	**–**	–
Repair and maintenance		**(5,042,819)**	(4,925,968)	**–**	–
Transportation and freight charges		**(9,161,515)**	(9,107,356)	**–**	–
Other operating expenses	6	**(10,786,408)**	(11,579,668)	**(1,046,144)**	(868,035)
Profit from operations		**36,769,545**	37,132,580	**14,659,224**	16,673,965
Finance costs, net	8	**(1,056,973)**	(1,257,192)	**(81,159)**	–
Profit before taxation		**35,712,572**	35,875,388	**14,578,065**	16,673,965
Taxation	9	**(7,056,503)**	(9,527,329)	**(466,667)**	(803,922)
Profit after taxation		**28,656,069**	26,348,059	**14,111,398**	15,870,043
Minority interests		**12,142**	45,342	**–**	–
Net profit for the year		**28,668,211**	26,393,401	**14,111,398**	15,870,043
Earnings per share (sen)	10	**4.6**	4.2		
Net dividend per share (sen)	11	**362.6**	407.6	**362.6**	407.6

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As At 30 April 2003

	Note	Group 2003 RM	Group 2002 RM (Restated)	Company 2003 RM	Company 2002 RM (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	12	**116,240,399**	100,599,156	**–**	–
Investments in subsidiaries	13	**–**	–	**88,889,227**	88,889,227
Other investments	14	**104,002**	104,002	**–**	–
		116,344,401	100,703,158	**88,889,227**	88,889,227
CURRENT ASSETS					
Inventories	15	**17,528,026**	14,054,192	**–**	–
Trade receivables	16	**32,655,542**	31,409,599	**–**	–
Other receivables	17	**3,502,671**	3,414,689	**140,819**	7,186,413
Cash and bank balances	18	**6,585,331**	4,249,783	**15,995**	15,995
		60,271,570	53,128,263	**156,814**	7,202,408
CURRENT LIABILITIES					
Retirement benefit obligations	19	**384,465**	321,979	**–**	–
Borrowings	20	**30,349,272**	14,838,252	**–**	–
Trade payables	22	**10,455,363**	9,449,051	**–**	–
Other payables	23	**12,385,134**	18,597,701	**2,302,405**	9,350,696
Tax payable		**726,855**	3,000,673	**–**	–
		54,301,089	46,207,656	**2,302,405**	9,350,696
NET CURRENT ASSETS/(LIABILITIES)		**5,970,481**	6,920,607	**(2,145,591)**	(2,148,288)
		122,314,882	107,623,765	**86,743,636**	86,740,939
FINANCED BY:					
Share capital	24	**62,400,000**	3,891,299	**62,400,000**	3,891,299
Share premium		**–**	317,747	**–**	–
Other reserves	25	**7,863,232**	36,513,186	**24,972,543**	83,481,244
Retained profits/(Accumulated losses)		**38,934,527**	53,916,017	**(628,907)**	(631,604)
Shareholders' equity		**109,197,759**	94,638,249	**86,743,636**	86,740,939
Minority interests		**613,639**	625,781	**–**	–
		109,811,398	95,264,030	**86,743,636**	86,740,939
Borrowings	20	**364,384**	1,551,078	**–**	–
Deferred tax liabilities	26	**11,954,133**	10,597,266	**–**	–
Reserve on consolidation	27	**184,967**	211,391	**–**	–
Non-current liabilities		**12,503,484**	12,359,735	**–**	–
		122,314,882	107,623,765	**86,743,636**	86,740,939

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes In Equity

For The Year Ended 30 April 2003

	Note	Share capital RM	← Non-distributable Share premium reserve RM	Other reserves RM →	Distributable Retained profits RM	Total RM
At 1 May 2001						
As previously stated		3,891,299	317,747	17,117,642	31,413,915	52,740,603
Prior year adjustments	28	–	–	–	11,968,078	11,968,078
At 1 May 2001 (restated)		3,891,299	317,747	17,117,642	43,381,993	64,708,681
Revaluation surplus, representing gain not recognised in the income statement	25	–	–	19,395,544	–	19,395,544
Net profit for the year		–	–	–	26,393,401	26,393,401
Dividends	11	–	–	–	(15,859,377)	(15,859,377)
At 30 April 2002		3,891,299	317,747	36,513,186	53,916,017	94,638,249
At 1 May 2002						
As previously stated		3,891,299	317,747	36,513,186	45,807,316	86,529,548
Prior year adjustments	28	–	–	–	8,108,701	8,108,701
At 1 May 2002 (restated)		3,891,299	317,747	36,513,186	53,916,017	94,638,249
Bonus issue	24	58,508,701	(317,747)	(28,649,954)	(29,541,000)	–
Net profit for the year		–	–	–	28,668,211	28,668,211
Dividends	11	–	–	–	(14,108,701)	(14,108,701)
At 30 April 2003		**62,400,000**	**–**	**7,863,232**	**38,934,527**	**109,197,759**

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes In Equity

For The Year Ended 30 April 2003

	Note	Share capital	Non distributable Revaluation reserve	Accumulated losses	Total
		RM	RM	RM	RM
At 1 May 2001		3,891,299	–	(642,270)	3,249,029
Revaluation surplus, representing gain not recognised in the income statement	25	–	83,481,244	–	83,481,244
Net profit for the year		–	–	15,870,043	15,870,043
Dividends	11	–	–	(15,859,377)	(15,859,377)
At 30 April 2002		3,891,299	83,481,244	(631,604)	86,740,939
Bonus issue	24	58,508,701	(58,508,701)	–	–
Net profit for the year		–	–	14,111,398	14,111,398
Dividends	11	–	–	(14,108,701)	(14,108,701)
At 30 April 2003		**62,400,000**	**24,972,543**	**(628,907)**	**86,743,636**

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 30 April 2003

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**35,712,572**	35,875,388	**14,578,065**	16,673,965
Adjustment for:				
Bad debts written off	**90,719**	239,061	**–**	–
Depreciation	**11,992,622**	11,584,946	**–**	–
Deposit written off	**1,015**	–	**–**	–
Inventories written off	**–**	12,929	**–**	–
Interest expense	**857,466**	1,105,661	**81,159**	–
Inventories written down to net realisable value	**199,920**	–	**–**	–
Plant and equipment written off	**77,353**	37,211	**–**	–
Provision for doubtful debts	**230,156**	2,143,318	**–**	–
Provision for retirement benefits	**62,486**	51,465	**–**	–
Revaluation deficit	**–**	257,841	**–**	–
Amortisation of reserve on consolidation	**(26,424)**	(26,424)	**–**	–
Dividend income	**–**	–	**(15,775,368)**	(17,572,000)
Gain on disposal of plant and equipment	**(123,298)**	(168,687)	**–**	–
Interest income	**(5,503)**	(95,795)	**–**	–
Reversal of provision for doubtful debts	**(19,642)**	–	**–**	–
Unrealised foreign exchange gain	**(7,405)**	(265,229)	**–**	–
Operating profit/(loss) before working capital changes	**49,042,037**	50,751,685	**(1,116,144)**	(898,035)
(Increase)/Decrease in receivables	**(910,025)**	747,953	**–**	138,721
Increase in inventories	**(3,673,754)**	(405,348)	**–**	–
(Decrease)/Increase in payables	**(5,206,256)**	2,413,142	**(14,020)**	214,137
Cash generated from/(used in) operations	**39,252,002**	53,507,432	**(1,130,164)**	(545,177)
Tax paid	**(8,669,731)**	(7,022,024)	–	–
Interest paid	**(857,466)**	(1,105,661)	**(81,159)**	–
Net cash generated from/ (used in) operating activities	**29,724,805**	45,379,747	**(1,211,323)**	(545,177)

The accompanying notes form an integral part of the financial statements.

For The Year Ended 30 April 2003

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(27,825,618)**	(12,966,387)	**–**	–
Additional investment in subsidiaries	**–**	(1,041)	**–**	(1,037)
Interest received	**5,503**	95,795	**–**	–
Proceeds from disposal of plant and equipment	**237,699**	337,195	**–**	–
Net change in related companies balances	**–**	–	**15,320,024**	16,411,586
Net cash (used in)/ generated from investing activities	**(27,582,416)**	(12,534,438)	**15,320,024**	16,410,549
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	**(14,108,701)**	(15,859,377)	**(14,108,701)**	(15,859,377)
Net change in bank borrowings	**17,820,179**	(16,553,000)	**–**	–
Repayment of hire-purchase balances	**(25,976)**	(128,018)	**–**	–
Repayment of term loans	**(2,660,353)**	(2,600,023)	**–**	–
Drawdown of term loan	**500,000**	–	**–**	–
Net cash generated from/ (used in) financing activities	**1,525,149**	(35,140,418)	**(14,108,701)**	(15,859,377)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,667,538**	(2,295,109)	**–**	5,995
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**2,940,259**	5,235,368	**15,995**	10,000
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**6,607,797**	2,940,259	**15,995**	15,995

(a) Cash and cash equivalents:

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Cash and bank balances	**6,585,331**	4,249,783	**15,995**	15,995
Effects of exchange rate changes in cash and cash equivalents	**22,466**	–	**–**	–
	6,607,797	4,249,783	**15,995**	15,995
Less: Bank overdrafts (Note 20)	**–**	(1,309,524)	**–**	–
Cash and cash equivalents	**6,607,797**	2,940,259	**15,995**	15,995

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM27,854,618 (2002: RM12,966,387) of which RM29,000 (2002: RM Nil) was by way of trade in.

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 13.

There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at 886, Jalan Bandar Baru, Sungai Kecil, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang.

The number of employees in the Group at the end of the financial year was 1,238 (2002: 1,165).

The Company does not have any employee at the end of the current and previous financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 August 2003.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain leasehold properties and investments in subsidiaries.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 30 April 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB 19 : Events after the Balance Sheet Date
MASB 20 : Provisions, Contingent Liabilities and Contingent Assets
MASB 22 : Segmental Reporting
MASB 23 : Impairment of Assets
MASB 24 : Financial Instruments - Disclosure and Presentation

The effects of adopting MASB 19 are summarised in the Statements of Changes in Equity and further information is disclosed in Note 28. The adoption of MASB 20, 23 and 24 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

i. Sale of goods
Revenue relating to sale of goods is recognised net of sales tax, returns and discounts upon the transfer of risks and rewards.

ii. Dividend income
Dividend income is recognised when the right to receive payment is established.

iii. Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the assets.

2. Significant Accounting Policies (cont'd)

(b) Revenue Recognition (cont'd)

iv. Rental income

Rental income is recognised on an accrual basis.

(c) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using merger method of accounting except for certain subsidiaries, i.e. H-Link Sdn. Bhd. and Jia In Sdn. Bhd. which are consolidated using acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Acquisitions of subsidiaries, which meet the criteria for merger, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences, which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(d) Reserve on Consolidation

Where the fair value of net assets acquired exceeds the Group's cost of acquisition, the surplus arising is taken up as reserve on consolidation.

Reserve on consolidation is amortised on a straight-line basis over its estimated useful life of 10 years and is presented separately in the balance sheet.

2. Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Revaluations are made at least once every five years by an independent valuer on a comparison or depreciated replacement cost method. Any revaluation increase is credited to equity as a revaluation surplus except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land and construction work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective lease term, i.e. 46 - 60 years.

Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2% - 5%
Plant and machinery and electrical installations	10%
Motor vehicles	20%
Furniture, fittings, renovation, air conditioners and office equipment	5% - 10%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at valuation, based on their net tangible asset value, less impairment losses.

Investments in subsidiaries will be revalued at regular intervals of five years. Where market conditions indicate that the carrying values of the revalued investments materially differ from the underlying net tangible asset values of the subsidiaries, the directors will consider revaluation in those intervening years.

Any increase arising from revaluation is credited to equity as a revaluation surplus; any decrease is first offset against an increase on earlier valuation in respect of the same investment and is thereafter charged to the income statement. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same investment previously recognised as an expense. Upon disposal of revalued subsidiaries, the amounts in revaluation reserve relating to those subsidiaries are transferred directly to retained profits.

(g) Inventories

Inventories are stated at the lower of cost (principally determined on first-in, first-out basis except for cost of wastepaper and pulp which are determined on the weighted average cost basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2. Significant Accounting Policies (cont'd)

(h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(i) Lease and Hire Purchase Arrangements

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

i. Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

ii. Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the amount of a provision is the present value for the expenditure expected to be required to settle the obligation.

(k) Deferred Tax

The tax expense for the year is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided for by the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

2. Significant Accounting Policies (cont'd)

(l) Defined Benefit Plans

A subsidiary operates an unfunded defined benefit plan for its employees, as provided under the agreement between the subsidiary and Paper And Paper Products Manufacturing Employees Union.

The subsidiary's obligations under the plan are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted using the projected unit credit method in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the plan exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets, if any. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(m) Foreign Currencies

i. Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to the income statement.

ii. Foreign operations

Where the operations of a foreign company are integral to the operations of the Company, the translation principles described above are applied as if the transactions of the foreign operation have been those of the Company.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2003 RM	2002 RM
United States Dollar (USD)	**3.7950**	3.7950
Singapore Dollar (SGD)	**2.1405**	2.1050
Japanese Yen (JPY)	**0.0320**	0.0300
Euro Dollar (EURO)	**4.2660**	3.3350

2. Significant Accounting Policies (cont'd)

(n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount.

Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i. Other Non-Current Investments

Non-current investment other than investments in subsidiaries is stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

ii. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

iii. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

iv. Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

2. Significant Accounting Policies (cont'd)

v. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

vi. Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3. Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sales of toilet paper rolls, tissue papers, serviette, cotton, sanitary products and mineral water	**185,726,005**	181,653,127	**–**	–
Printing of operating manuals, journals and packaging materials	**25,800**	48,718	**–**	–
Dividend income from a subsidiary	**–**	–	**15,775,368**	17,572,000
	185,751,805	181,701,845	**15,775,368**	17,572,000

4. Other Operating Income

Included in other operating income of the Group are:

	2003 RM	2002 RM
Amortisation of reserve on consolidation	**26,424**	26,424
Bad debts recovered	**42,621**	–
Gain on disposal of plant and equipment	**123,298**	168,687
Realised foreign exchange gain	**144,605**	–
Rental income	**147,000**	132,400
Reversal of provision for doubtful debts	**19,642**	–
Unrealised foreign exchange gain	**7,405**	265,229

5. Staff Costs

Included in staff costs of the Group and of the Company are directors' remuneration of RM2,309,710 (2002: RM2,014,198) and RM70,000 (2002: RM30,000) respectively.

The estimated monetary value of other benefits received by the directors of the Group not included in the above are RM33,417 (2002: RM30,032).

6. Other Operating Expenses

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Included in other operating expenses are:				
Auditors' remuneration				
- current year	**99,504**	92,561	**10,000**	10,000
- over provision in prior years	**(13,500)**	(2,000)	**–**	–
- other services	**98,758**	–	**31,200**	–
Bad debts written off	**90,719**	239,061	**–**	–
Deposit written off	**1,015**	–	**–**	–
Non-executive directors' remuneration	**110,000**	30,000	**110,000**	30,000
Inventories written off	**–**	12,929	**–**	–
Inventories written down to net realisable value	**199,920**	–	**–**	–
Plant and equipment written off	**77,353**	37,211	**–**	–
Provision for doubtful debts	**230,156**	2,143,318	**–**	–
Provision for retirement benefits	**62,486**	51,465	**–**	–
Revaluation deficit	**–**	257,841	**–**	–
Rental expense	**546,695**	455,781	**–**	–
Realised foreign exchange loss	**–**	262,895	**–**	–
Bad debts recovered	**–**	(60,041)	**–**	–

7. Directors' Remuneration

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**676,200**	702,170	**–**	–
Fee				
- current year provision	**40,000**	30,000	**40,000**	30,000
- under provision in prior year	**20,000**	–	**20,000**	–
Bonus				
- current year provision	**573,067**	470,000	**–**	–
- under provision in prior year	**26,667**	374,000	**–**	–
Benefits-in-kind	**18,700**	27,366	**–**	–
	1,354,634	1,603,536	**60,000**	30,000
Non-executive:				
Fee				
- current year provision	**80,000**	30,000	**80,000**	30,000
- under provision in prior year	**20,000**	–	**20,000**	–
	100,000	30,000	**100,000**	30,000
Other Directors				
Executive:				
Salaries and other emoluments	**692,064**	338,671	**–**	–
Fees				
- current year provision	**41,346**	4,173	**–**	–
- under provision in prior year	**20,000**	–	**10,000**	–
Bonus				
- current year provision	**209,766**	44,416	**–**	–
- under provision in prior year	**10,600**	50,768	**–**	–
Benefits-in-kind	**14,717**	2,666	**–**	–
	988,493	440,694	**10,000**	–

7. Directors' Remuneration (cont'd)

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Former non-executive director:				
Fee				
- under provision in prior year	**10,000**	–	**10,000**	–
Total	**2,453,127**	2,074,230	**180,000**	60,000
Analysis excluding benefits-in-kind:				
Total for executive directors' remuneration (Note 5)	**2,309,710**	2,014,198	**70,000**	30,000
Total for non executive directors' remuneration (Note 6)	**110,000**	30,000	**110,000**	30,000
Grand total excluding benefits-in-kind	**2,419,710**	2,044,198	**180,000**	60,000
Benefits-in-kind	**33,417**	30,032	**–**	–
Grand total including benefits-in-kind	**2,453,127**	2,074,230	**180,000**	60,000

The number of directors of the Company whose total remuneration during the year fall within the following bands is analysed as follows:

	Number of Directors 2003	Number of Directors 2002
Executive directors:		
RM100,001 - RM150,000	**–**	1
RM150,001 - RM200,000	**–**	1
RM250,001 - RM300,000	**1**	–
RM1,050,001 - RM1,100,000	**1**	–
RM1,200,001 - RM1,250,000	**–**	1
Non-Executive directors:		
Below RM50,000	**4**	3

8. Finance Costs, Net

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Included in finance costs, net are:				
Interest expense	**(857,466)**	(1,105,661)	**(81,159)**	–
Interest income from deposits	**5,503**	95,795	**–**	–

9. Taxation

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Tax expenses for the year				
Malaysian income tax	**5,871,000**	4,800,000	**466,667**	803,922
Foreign tax	**135,335**	417,269	**–**	–
	6,006,335	5,217,269	**466,667**	803,922
Transfer to deferred taxation (Note 26)	**1,547,690**	4,276,654	**–**	–
	7,554,025	9,493,923	**466,667**	803,922
(Over)/Under provision in prior years:				
Malaysian income tax	**(267,345)**	(980,889)	**–**	–
Foreign tax	**(39,177)**	(7,705)	**–**	–
Deferred tax (Note 26)	**(191,000)**	1,022,000	**–**	–
	7,056,503	9,527,329	**466,667**	803,922

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to certain tax incentives enjoyed by a subsidiary under the Income Tax Act, 1967.

The taxation expenses of the Company were in respect of dividend income.

10. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003	2002
Net profit for the year (RM)	**28,668,211**	26,393,401
Weighted average number of ordinary shares in issue	**624,000,000**	624,000,000
Basic earnings per share (sen)	**4.6**	4.2

The comparative basic earnings per share has been restated to take into account the effect of share split and bonus issue completed in the current financial year (Note 24).

11. Dividends

	Amount		Net dividend per share	
	2003	2002	2003	2002
	RM	RM	Sen	Sen
Final tax exempt dividend of 256.98%, paid on 15 November 2001	–	10,000,000	–	257.0
Final dividend of 70.24% less 28% taxation, paid on 15 November 2001	–	1,968,078	–	50.6
Interim tax exempt dividend of 100.00%, paid on 30 August 2002	–	3,891,299	–	100.0
Final tax exempt dividend of 208.38%, paid on 26 February 2003	**8,108,701**	–	**208.4**	–
Interim tax exempt dividend of 154.19%, paid on 26 February 2003	**6,000,000**	–	**154.2**	–
	14,108,701	15,859,377	**362.6**	407.6

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 April 2003, of 9.62% on 624,000,000 ordinary shares of RM0.10 each, amounting to a total dividend payable of RM6,000,000 (0.96 sen net per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2004.

12. Property, Plant and Equipment

Group	Land and buildings* RM	Capital work-in-progress RM	Plant and machinery and electrical installations RM	Motor vehicles RM	Furniture, fittings, renovation, air conditioners, and office equipment RM	Total RM
Cost/Valuation						
At 1 May 2002	40,239,008	5,493,678	116,377,010	11,676,361	4,932,478	178,718,535
Additions	4,374,061	20,075,373	1,382,847	1,451,311	571,026	27,854,618
Disposals/ Write offs	–	–	(63,000)	(550,533)	(59,964)	(673,497)
Reclassification	2,390,596	(18,783,793)	16,393,197	–	–	–
At 30 April 2003	47,003,665	6,785,258	134,090,054	12,577,139	5,443,540	205,899,656
Representing:						
At cost	7,709,665	6,785,258	134,090,054	12,577,139	5,443,540	166,605,656
At valuation	39,294,000	–	–	–	–	39,294,000
	47,003,665	6,785,258	134,090,054	12,577,139	5,443,540	205,899,656
Accumulated Depreciation and Impairment Losses						
At 1 May 2002	303,748	–	66,713,485	9,079,544	2,022,602	78,119,379
Depreciation charge for the year	536,995	–	10,104,883	927,750	422,994	11,992,622
Disposals/ Write offs	–	–	(40,950)	(363,543)	(48,251)	(452,744)
At 30 April 2003	840,743	–	76,777,418	9,643,751	2,397,345	89,659,257
Representing:						
At cost	36,156	–	76,777,418	9,643,751	2,397,345	88,854,670
At valuation	804,587	–	–	–	–	804,587
	840,743	–	76,777,418	9,643,751	2,397,345	89,659,257

12. Property, Plant and Equipment (cont'd)

Group	Land and buildings* RM	Capital work-in-progress RM	Plant and machinery and electrical installations RM	Motor vehicles RM	Furniture, fittings, renovation, air conditioners, and office equipment RM	Total RM
Net Book Value						
At 30 April 2003						
At cost	**7,673,509**	**6,785,258**	**57,312,636**	**2,933,388**	**3,046,195**	**77,750,986**
At valuation	**38,489,413**	**–**	**–**	**–**	**–**	**38,489,413**
	46,162,922	**6,785,258**	**57,312,636**	**2,933,388**	**3,046,195**	**116,240,399**
At 30 April 2002						
At cost	938,006	5,493,678	49,663,525	2,596,817	2,909,876	61,601,902
At valuation	38,997,254	–	–	–	–	38,997,254
	39,935,260	5,493,678	49,663,525	2,596,817	2,909,876	100,599,156
Depreciation charge for 2002	472,186	–	9,734,987	948,068	429,705	11,584,946

*** Land and Buildings**

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
Cost/Valuation					
At 1 May 2002	**25,022,000**	**616,000**	**350,000**	**14,251,008**	**40,239,008**
Additions	**3,954,061**	**–**	**–**	**420,000**	**4,374,061**
Reclassification	**592,518**	**–**	**–**	**1,798,078**	**2,390,596**
At 30 April 2003	**29,568,579**	**616,000**	**350,000**	**16,469,086**	**47,003,665**
Representing:					
At cost	**4,570,579**	**–**	**–**	**3,139,086**	**7,709,665**
At valuation	**24,998,000**	**616,000**	**350,000**	**13,330,000**	**39,294,000**
	29,568,579	**616,000**	**350,000**	**16,469,086**	**47,003,665**

12. Property, Plant and Equipment (cont'd)

* Land and Buildings

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
Accumulated Depreciation and Impairment losses					
At 1 May 2002	–	6,538	4,438	292,772	303,748
Depreciation charge for the year	–	10,441	7,590	518,964	536,995
At 30 April 2003	–	16,979	12,028	811,736	840,743
Representing:					
At cost	–	–	–	36,156	36,156
At valuation	–	16,979	12,028	775,580	804,587
	–	16,979	12,028	811,736	840,743
Net Book Value					
At 30 April 2003					
At cost	4,570,579	–	–	3,102,930	7,673,509
At valuation	24,998,000	599,021	337,972	12,554,420	38,489,413
	29,568,579	599,021	337,972	15,657,350	46,162,922
At 30 April 2002					
At cost	24,000	–	–	914,006	938,006
At valuation	24,998,000	609,462	345,562	13,044,230	38,997,254
	25,022,000	609,462	345,562	13,958,236	39,935,260
Depreciation charge for 2002	–	12,921	5,788	453,477	472,186

(a) The latest valuation of land and buildings of the Group were performed in September 2001 by the following professional valuers:

Name of Valuer	Qualification	Name of Firm
Teoh Poh Huat	FRICS, MISM, MBA (UK), Chartered Surveyor/ Registered Valuer	Messrs. Henry Butcher, Lim & Long (N) Sdn. Bhd.*
Lim Chow Wah	MISM, Registered Valuer	Messrs. Henry Butcher, Lim & Long (Malacca) Sdn. Bhd.*

* Companies incorporated in Malaysia.

12. Property, Plant and Equipment (cont'd)

Details of the latest independent professional valuation of properties owned by the Group at 30 April 2003 are as follows:

Date of Valuation	Description of Property	Valuation Amount RM	Basis of Valuation
19th September 2001	Freehold industrial land and building at Seberang Perai Selatan, Penang	32,940,000	Comparison and depreciated replacement cost method
19th September 2001	Freehold agricultural land at Seberang Perai Selatan, Penang	720,000	Comparison method
19th September 2001	Leasehold industrial land and building at Parit Buntar, Perak	1,840,000	Comparison and depreciated replacement cost method
19th September 2001	Freehold industrial land at Melaka	223,000	Comparison method
19th September 2001	Freehold industrial land at Seberang Perai Selatan, Penang	2,955,000	Comparison method
19th September 2001	Leasehold industrial land at Seberang Perai Tengah, Penang	640,000	Comparison method
		39,318,000	

Had the revalued properties been carried at historical cost less accumulated depreciation, the net book value of the revalued properties that would have been included in the financial statements of the Group as at the end of the financial year would be as follows:

	Group 2003 RM	Group 2002 RM
Freehold land	**6,359,779**	6,359,779
Long term leasehold land	**850,386**	865,305
Short term leasehold land	**139,280**	142,519
Buildings	**10,769,527**	11,848,414
	18,118,972	19,216,017

12. Property, Plant and Equipment (cont'd)

(b) Net book values of motor vehicles of the Group held under hire-purchase and finance lease arrangements are RM57,923 (2002: RM94,027).

(c) The net book values of properties pledged for bank borrowings as referred to in Note 20 are as follows:

	Group	
	2003	**2002**
	RM	**RM**
Freehold land	**12,682,337**	12,521,558
Leasehold land	**599,021**	609,462
Buildings	**11,635,812**	11,409,305
	24,917,170	24,540,325

The property, plant and equipment of a subsidiary with carrying value amounting to RM2,300,000 (2002: RM2,300,000) are held under debenture;

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM35,958,766 (2002: RM28,053,796).

(e) The carrying amount of temporarily idle equipment of the Group amounted to RM2,260,812 (2002: RM305,953).

(f) Included in property, plant and equipment of the Group are motor vehicles with carrying values amounting to RM73,323 (2002: RM251,684) which are held in trust by third parties.

(g) Certain land title deeds of a subsidiary are in the process of being transferred to the subsidiary's name.

13. Investments in Subsidiaries

	Company	
	2003	**2002**
	RM	**RM**
Unquoted shares:		
At valuation	**88,889,227**	88,889,227

In the last financial year, the directors of the Company adopted the policy to revalue the investments in its subsidiaries at regular intervals of five years, based on their net tangible assets values.

13. Investments in Subsidiaries (cont'd)

Details of the subsidiaries whose financial year ends on 30 April are as follows:

Name of Subsidiaries	Equity interest held % 2003	Equity interest held % 2002	Principal Activities	Country of incorporation
Nibong Tebal Enterprise Sdn. Bhd.	**100.00**	100.00	Trading in paper, cotton and sanitary products and mineral water	Malaysia
Nibong Tebal Paper Mill Sdn. Bhd.	**100.00**	100.00	Manufacturing and trading of toilet-rolls, tissues, serviette and investment holding	Malaysia
Nibong Tebal Personal Care Sdn. Bhd. (formerly known as Entroplus (M) Sdn. Bhd.)	**100.00**	100.00	Manufacturing and trading of personal care products.	Malaysia
H-Link Sdn. Bhd.	**100.00**	100.00	E-commerce (dormant)	Malaysia
Held Through Nibong Tebal Paper Mill Sdn. Bhd.				
Jia In Sdn. Bhd.	**60.00**	60.00	Printing of operating manuals, journals and packaging materials	Malaysia
Nibong Tebal Paper Products Pte. Ltd. *	**100.00**	100.00	Importers and dealers in all kinds of paper products, tissue papers, toilet rolls, paper towels and general merchandise	Singapore

* Audited by firms of auditors other than Ernst & Young.

14. Other Investments

	Group 2003 RM	Group 2002 RM
Unquoted shares, at cost	**17,817**	17,817
Membership in golf club, at cost	**86,185**	86,185
	104,002	104,002

15. Inventories

	Group 2003 RM	Group 2002 RM
At cost:		
Raw materials	**11,225,472**	9,177,801
Work-in-progress	**644,583**	759,562
Finished goods	**5,439,795**	4,084,932
	17,309,850	14,022,295
At net realisable value:		
Raw materials	**218,176**	–
Finished goods	–	31,897
	17,528,026	14,054,192

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM115,248,675 (2002: RM109,866,014).

The inventories are secured under a debenture for the bank borrowings as mentioned in Note 20.

16. Trade Receivables

	Group 2003 RM	Group 2002 RM
Trade receivables	**35,100,708**	34,629,812
Provision for doubtful debts	**(2,445,166)**	(3,220,213)
	32,655,542	31,409,599

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The Group's normal trade credit term ranges from 30 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

17. Other Receivables

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Due from a subsidiary	**–**	–	**–**	7,045,594
Deposits for purchase of property, plant and equipment and raw materials	**532,787**	761,192	**–**	–
Sundry deposits and prepayments	**575,239**	385,991	**–**	–
Sundry receivables	**1,070,501**	1,586,483	**140,819**	140,819
Staff advances	**289,600**	172,955	**–**	–
Tax refundable	**1,324,275**	627,998	**–**	–
Due from a director of a subsidiary	**–**	145,245	**–**	–
	3,792,402	3,679,864	**140,819**	7,186,413
Provision for doubtful debts	**(289,731)**	(265,175)	**–**	–
	3,502,671	3,414,689	**140,819**	7,186,413

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

18. Cash and Bank Balances

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Cash on hand and at banks	**6,165,331**	4,249,783	**15,995**	15,995
Short term placements with a licensed bank	**420,000**	–	**–**	–
	6,585,331	4,249,783	**15,995**	15,995

The effective interest rates for deposits with licensed banks was 2.45% (2002: Nil) per annum. The maturity of the deposits as at the end of the financial year was 2 days.

19. Retirement Benefit Obligations

	Group 2003 RM	Group 2002 RM
At 1 May	**321,979**	270,514
Charge to income statement	**62,486**	51,465
At 30 April	**384,465**	321,979

20. Borrowings

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	**–**	1,309,524	**–**	–
Bankers' acceptance	**15,748,000**	7,749,000	**–**	–
Export credit refinancing	**12,968,000**	3,147,000	**–**	–
Term loans	**1,610,847**	2,604,394	**–**	–
Hire purchase payables (Note 21)	**22,425**	28,334	**–**	–
	30,349,272	14,838,252	**–**	–
Long Term Borrowings				
Secured:				
Term loans	**364,384**	1,531,191	**–**	–
Hire purchase payables (Note 21)	**–**	19,887	**–**	–
	364,384	1,551,078	**–**	–
Total Borrowings				
Bank overdrafts	**–**	1,309,524	**–**	–
Bankers' acceptance	**15,748,000**	7,749,000	**–**	–
Export credit refinancing	**12,968,000**	3,147,000	**–**	–
Term loans	**1,975,231**	4,135,585	**–**	–
Hire purchase payables	**22,425**	48,221	**–**	–
	30,713,656	16,389,330	**–**	–
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	**30,326,847**	14,809,918	**–**	–
More than 1 year and less than 2 years	**103,942**	1,521,176	**–**	–
More than 2 years and less than 5 years	**260,442**	10,015	**–**	–
	30,691,231	16,341,109	**–**	–

The effective interest rates per annum as at balance sheet date for borrowings, excluding hire purchases are as follows:

	2003 %	2002 %
Bank overdrafts	**7.40**	7.40 - 7.45
Bankers' acceptance	**3.02 - 3.16**	3.02 - 3.27
Export credit refinancing	**3.00 - 3.25**	3.25
Term loans	**6.00 to 10.50**	6.00 to 11.00

20. Borrowings (cont'd)

The bank borrowings except for the term loans are secured by:

- Legal charge over the freehold land and building with a carrying value of RM24,318,149 (2002: RM23,930,863) of a subsidiary;
- Joint and several guarantee by the directors of a subsidiary for RM66,150,000 (2002: RM66,150,000);
- Debenture incorporating fixed and floating charges over the present and future assets of a subsidiary for RM2,300,000 (2002: RM2,300,000); and
- Corporate guarantee from the Company for RM66,150,000 (2002: RM66,150,000)

The term loans are secured by:

- Corporate guarantee of the Company;
- Joint and several guarantee by the directors of certain subsidiaries of the Company;
- First legal charge over a leasehold land with a carrying value of RM599,021 (2002: RM609,462) of a subsidiary; and
- Negative pledge

21. Hire Purchase Payables

	Group	
	2003	**2002**
	RM	**RM**
Minimum lease payments:		
Not later than one year	**23,596**	35,057
Later than one year and not later than 2 years	**–**	23,596
	23,596	58,653
Finance charges	**(1,171)**	(10,432)
Present value of hire purchase payables	**22,425**	48,221
Present value of hire purchase payables:		
Not later than one year	**22,425**	28,334
Later than one year and not later than 2 years	**–**	19,887
	22,425	48,221
Analysed as:		
Due within 12 months (Note 20)	**22,425**	28,334
Due after 12 months (Note 20)	**–**	19,887
	22,425	48,221

The hire purchase payables carried interests of between 5.90% to 14.93% (2002: 5.90% to 14.93%) per annum.

22. Trade Payables

	Group 2003 RM	Group 2002 RM
Trade payables	**10,455,363**	9,449,051

The normal trade credit term granted to the Group ranges from 30 to 90 days.

23. Other Payables

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Due to directors	**13,726**	42,739	**–**	–
Due to shareholders	**–**	9,023,009	**–**	9,023,009
Due to subsidiaries	**–**	–	**2,026,092**	37,354
Accrual for payroll related expenses	**3,754,191**	3,423,410	**124,000**	20,000
Indirect taxes and other statutory payables	**2,232,835**	2,062,763	**–**	–
Accruals of expenses	**2,698,050**	1,723,059	**152,313**	270,333
Other payables	**3,686,332**	2,322,721	**–**	–
	12,385,134	18,597,701	**2,302,405**	9,350,696

The amounts due to directors represent advances from the directors of a subsidiary. The amounts due are unsecured, interest free and payable upon demand.

The amounts due to subsidiaries are mainly advances, which are unsecured, interest free and have no fixed terms of repayment.

24. Share Capital

	Number of Ordinary Shares of RM0.10/RM1.00 Each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised:				
At 1 May	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Share split 10:1	**90,000,000**	–	**–**	–
Created during the year	**2,400,000,000**	–	**240,000,000**	–
At 30 April	**2,500,000,000**	10,000,000	**250,000,000**	10,000,000
Issued and fully paid:				
At 1 May	**3,891,299**	3,891,299	**3,891,299**	3,891,299
Share split 10:1	**35,021,691**	–	**–**	–
Bonus issue	**585,087,010**	–	**58,508,701**	–
At 30 April	**624,000,000**	3,891,299	**62,400,000**	3,891,299

The bonus issue was made based on the basis of approximately 150,358 new shares for every 10,000 existing shares held.

25. Other Reserves

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-Distributable				
Revaluation reserves:				
Properties	**7,863,232**	19,395,544	**–**	–
Investments in subsidiaries	**–**	–	**24,972,543**	83,481,244
	7,863,232	19,395,544	**24,972,543**	83,481,244
Capital reserves	**–**	17,117,642	**–**	–
	7,863,232	36,513,186	**24,972,543**	83,481,244

25. Other Reserves (cont'd)

The movements in each category of reserves were as follows:

	Group 2003 RM	Group 2002 RM
Revaluation Reserves - Properties		
At 1 May	**19,395,544**	–
Arising from revaluation of properties	**–**	21,035,587
Tax effect on surplus arising from the revaluation of properties	**–**	(1,640,043)
Capitalisation of bonus issue	**(11,532,312)**	–
At 30 April	**7,863,232**	19,395,544
Capital reserve		
At 1 May	**17,117,642**	17,117,642
Capitalisation of bonus issue	**(17,117,642)**	–
At 30 April	**–**	17,117,642

The capital reserve arose as a result of bonus issue by a subsidiary through capitalisation of its retained profits.

	Company 2003 RM	Company 2002 RM
Revaluation Reserves - Investments in Subsidiaries		
At 1 May	**83,481,244**	–
Arising from revaluation of subsidiaries	**–**	83,481,244
Capitalisation of bonus issue	**(58,508,701)**	–
At 30 April	**24,972,543**	83,481,244

26. Deferred Tax Liabilities

	Group 2003 RM	Group 2002 RM
At 1 May	**10,597,266**	3,658,435
Transfer from income statement		
- current year provision	**1,547,690**	4,276,654
- under provision in prior year	**(191,000)**	1,022,000
	11,953,956	8,957,089
Tax effect on surplus arising from the revaluation of land and buildings during the year	**–**	1,640,043
Exchange differences	**177**	134
At 30 April	**11,954,133**	10,597,266

27. Reserve on Consolidation

	Group 2003 RM	Group 2002 RM
At 1 May	**264,239**	264,239
Accumulated amortisation	**(79,272)**	(52,848)
At 30 April	**184,967**	211,391

28. Change In Accounting Policy And Prior Year Adjustments

The prior year adjustments represent the effect of the change in accounting policy with respect to the recognition of proposed dividends as liabilities. This change in accounting policy has been accounted for retrospectively and comparatives have been restated as shown below.

	As previously stated RM	Effect of changes in policy RM	As restated RM
At 1 May 2001			
- retained profits	31,413,915	11,968,078	43,381,993
- proposed dividends	11,968,078	(11,968,078)	–
At 1 May 2002			
- retained profits	45,807,316	8,108,701	53,916,017
- proposed dividends	8,108,701	(8,108,701)	–

29. Commitments

	Group 2003 RM	Group 2002 RM
Capital expenditure:		
Approved and contracted for:		
- land and buildings	**4,395,846**	3,825,900
- plant and machinery	**2,536,908**	–
Operating lease commitments:		
- Within one year	**85,673**	168,939
- Two to five years inclusive	**–**	84,469
	7,018,427	4,079,308

30. Contingent Liabilities

	Company 2003 RM	Company 2002 RM
Unsecured		
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	**30,230,900**	16,320,824

31. Significant Related Party Transactions

	Group 2003 RM	Group 2002 RM
Interest paid to Lee Eng Sia	**81,159**	–
Rental income from Priority Plus Sdn. Bhd.*	**147,000**	132,000

	Company 2003 RM	Company 2002 RM
Interest paid to Lee Eng Sia	**81,159**	–
Dividend income from subsidiaries	**15,775,368**	17,572,000

* A company related to Lee Eng Sia. Lee See Jin, a current substantial shareholder of the Company, is a brother to Lee Eng Sia.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

32. Other Significant Events

(i) In conjunction with, and as part of the listing of and quotation of the entire issued and fully paid-up share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange, the Company has undertaken the following scheme, which has been approved by the Securities Commission:

- Share split of existing paid-up share capital of the Company comprising 3,891,299 ordinary shares of RM1.00 each to 38,912,990 ordinary shares of RM0.10 each in the Company by way of a sub-division of the existing ordinary shares of RM1.00 each;
- Bonus issue of 585,087,010 new ordinary shares of RM0.10 each in the Company credited as fully paid-up on the basis of approximately 150,358 new shares for every 10,000 existing shares held;
- Offer for sale of up to 242,980,000 shares credited as fully paid-up share capital to Bumiputra investors to be nominated and approved by the Ministry of International Trade and Industry, eligible employees of the Group and the Malaysian public; and
- Listing of and quotation for the entire enlarged issued and fully paid-up share capital of the Company on the Main Board of The Kuala Lumpur Stock Exchange

As part of the scheme, the Company also, in the last financial year, revalued the landed properties of the subsidiaries and subsequently revalued the cost of investment of the Company in its subsidiaries to their respective net tangible assets values as at 30 April 2002.

The financial statements of the Group and Company as at 30 April 2002 have incorporated the effect of the revaluation of the landed properties of the Company's subsidiaries and the subsequent revaluation of the cost of investment of the Company in its subsidiaries to their respective net tangible assets values as at 30 April 2002.

(ii) A subsidiary, Entroplus (M) Sdn. Bhd. changed its name to Nibong Tebal Personal Care Sdn. Bhd.

33. Financial Instruments

(a) Financial Risk Management Objective and Policies

The Group is exposed to a variety of financial risks, including the effect of changes in foreign currency exchange rates, interest rates, market, credit and liquidity and cash flow risk. 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 these risks. The Group operates within clearly defined guidelines that are approved by the Board and are regularly reviewed and updated to take into account the changes in the operating environment.

(b) Interest Rate Risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligation and placement in the money market. The Group's policy is to maintain a mix of fixed and variable rate debt instruments. The objectives for a mix between fixed and variable rate borrowings are to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(c) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures and periodic review of their financial status. Counter parties are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security.

33. Financial Instruments (cont'd)

(d) Liquidity and Cash Flow Risk

Prudent liquidity management requires the Group to maintain sufficient cash, internally generated cash flow, and the availability of funding resources through an adequate amount of committed credit facilities. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Also, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

(e) Foreign Exchange Risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by a subsidiary other than its functional currency. The subsidiary matches three months expected receivables in foreign currency against the expected payables in foreign currency within the same period. The subsidiary enters into foreign currency forward contracts for the net exposure in foreign currency to mitigate the exposure to the currency risk as to the monetary assets and liabilities of the subsidiary.

The net unhedged financial assets and financial liabilities of the Group as at 30 April 2003 that are not denominated in the Group's functional currency of Ringgit Malaysia were as follows:

	RM
Trade Receivables	
United States Dollar	**2,000,160**
Other Receivables	
United States Dollar	**101,929**
Cash and Bank Balances	
United States Dollar	**425,193**
Singapore Dollar	**58,757**
	483,950
Trade Payables	
United States Dollar	**73,741**
Singapore Dollar	**562,008**
Japanese Yen	**838**
Euro Dollar	**560**
	637,147
Other Payables	
United States Dollar	**504,749**
Singapore Dollar	**3,259**
Euro Dollar	**9,537**
	517,545

33. Financial Instruments (cont'd)

(e) Foreign Exchange Risk (cont'd)

As at 30 April 2003, the outstanding forward foreign exchange contracts of a subsidiary are as follows:

Hedged items	Currency to be received	Amount in foreign currency	RM equivalent	Average forward contract rate	Fair value RM
Trade receivables	Singapore Dollar	**2,990,000**	**6,466,014**	**2.1625**	**6,335,810**

The maturity dates for the forward foreign exchange contracts are within one year.

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	Note	Group Carrying Amount RM	Group Fair Value RM	Company Carrying Amount RM	Company Fair Value RM
Financial Assets					
Other investments	14	104,002	*	–	–
Financial Liabilities					
Term loans	20	364,384	339,852	–	–
Amounts due to subsidiaries	23	–	–	2,026,092	#
		364,384	339,852	2,026,092	–

* It is not practical to estimate the fair value of the Group's other investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is also not practical to estimate the fair values of amounts due to subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The nominal/notional amounts and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	Group Nominal/ Notional Amount RM	Group Net Fair Value RM	Company Nominal/ Notional Amount RM	Company Net Fair Value RM
Contingent liabilities	30	–	–	30,230,900	Ÿ
Forward foreign exchange contracts	33(e)	6,466,014	6,335,810	–	–

Ÿ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

33. Financial Instruments (cont'd)

(f) Fair Values (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

(iii) Derivative Financial Instruments
The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

34. Comparative Figures

(a) The following balance sheet comparative figures have been reclassified to conform with current year's presentation:

	Group	
	As previously stated RM	**As reclassified RM**
Retirement benefit obligations	–	321,979
Other payables	18,919,680	18,597,701
Share premium	–	317,747
Other reserves	–	36,513,186
Retained profits	–	53,916,017
Reserves	90,746,950*	–

* After prior year adjustment on proposed dividend of RM8,108,701 as mentioned in Note 28.

(b) Comparatives are not disclosed for certain information relating to financial instruments as permitted by MASB 24 – Financial Instruments: Disclosure and Presentation upon first application.

(c) The comparative figures have been audited by a firm of Chartered Accountants other than Ernst & Young.

35. Segmental Information

(a) Business Segments:

The Group is organised into two major business segments:

(i) Manufacturing- manufacturing of paper products such as toilet rolls, kitchen towels, box tissue and other paper related products.

(ii) Trading- Trading of paper, cotton and sanitary products and drinking water.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

30 April 2003	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES						
Revenue						
Segment revenue						
External sales	6,195,133	179,556,672	–	185,751,805	–	185,751,805
Inter-segment sales	149,125,179	–	–	149,125,179	(149,125,179)	–
Total revenue	155,320,312	179,556,672	–	334,876,984	(149,125,179)	185,751,805
Result						
Segment results	35,328,552	2,528,075	(11,362)	37,845,265		37,845,265
Unallocated results						(1,075,720)
Profit from operations						36,769,545
Finance costs, net						(1,056,973)
Profit before taxation						35,712,572
Taxation						(7,056,503)
Profit after taxation						28,656,069
Minority interests						12,142
Net profit for the year						28,668,211
ASSETS AND LIABILITIES						
Segment assets	133,370,113	40,864,824	899,945	175,134,882		175,134,882
Unallocated assets:						
Tax assets						1,324,275
Corporate assets						156,814
Consolidated total assets						176,615,971

35. Segmental Information (cont'd)

30 April 2003	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
Segment liabilities	**20,301,649**	**2,642,170**	**4,830**	**22,948,649**		**22,948,649**
Unallocated liabilities:						
Borrowings						**30,713,656**
Tax liabilities						**12,680,988**
Corporate liabilities						**276,313**
Consolidated total liabilities						**66,619,606**
Capital expenditure	**26,125,060**	**1,021,466**	**708,092**	**27,854,618**		**27,854,618**
Depreciation	**11,177,088**	**815,534**	**–**	**11,992,622**		**11,992,622**
Amortisation of reserve on consolidation	**–**	**–**	**–**	**–**		**26,424**
Non-cash expenses other than depreciation, goodwill written off, revaluation deficit and impairment losses	**609,224**	**52,425**	**–**	**661,649**		**661,649**
30 April 2002						
REVENUE AND EXPENSES						
Revenue						
Segment revenue						
External sales	8,029,671	173,672,174	–	181,701,845	–	181,701,845
Inter-segment sales	143,217,589	–	–	143,217,589	(143,217,589)	–
Total revenue	151,247,260	173,672,174	–	324,919,434	(143,217,589)	181,701,845
Result						
Segment results	32,807,077	5,240,174	(9,333)	38,037,918		38,037,918
Unallocated results						(905,338)
Profit from operations						37,132,580
Finance costs, net						(1,257,192)
Profit before taxation						35,875,388
Taxation						(9,527,329)
Profit after taxation						26,348,059
Minority interests						45,342
Net profit for the year						26,393,401

35. Segmental Information (cont'd)

30 April 2002	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES						
Segment assets	116,711,552	36,087,165	247,892	153,046,609		153,046,609
Unallocated assets:						
Tax assets						627,998
Corporate assets						156,814
Consolidated total assets						153,831,421
Segment liabilities	16,569,633	2,478,408	7,348	19,055,389		19,055,389
Unallocated liabilities:						
Borrowings						16,389,330
Tax liabilities						13,597,939
Corporate liabilities						9,313,342
Consolidated total liabilities						58,356,000
OTHER INFORMATION						
Capital expenditure	11,620,894	1,345,493	–	12,966,387		12,966,387
Depreciation	10,830,001	754,945	–	11,584,946		11,584,946
Amortisation of reserve on consolidation	–	–	–	–		26,424
Non-cash expenses other than depreciation, goodwill written off, revaluation deficit and impairment losses	1,644,918	839,066	–	2,483,984		2,483,984

35. Segmental Information (cont'd)

(b) Geographical Segments:

The Group's operations are mainly located in Malaysia, except for a subsidiary in Singapore. The customers for the manufacturing businesses are located worldwide, namely in Singapore and other countries such as Hong Kong, Brunei, Philippines, Africa and New Zealand.

	Total revenue from external customers		**Segment assets**		**Capital expenditure**	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Malaysia	**131,816,206**	126,240,460	**165,635,211**	144,649,142	**27,734,352**	12,875,437
Singapore	**38,684,333**	39,199,188	**9,499,671**	8,397,467	**120,266**	90,950
Others *	**15,251,266**	16,262,197	–	–	–	–
Consolidated	**185,751,805**	181,701,845	**175,134,882**	153,046,609	**27,854,618**	12,966,387

* Others mainly refer to countries such as Hong Kong, Brunei, Philippines, Africa and New Zealand.

36. Currency

All amounts are stated in Ringgit Malaysia (RM).

Location/Address	Description of Property/Existing Use	Land/ Built-up Area (Sq. m.)	Approximate Age Of Building (Year)	Tenure	Net Book Value @ 30.4.2003 RM	Date Of Valuation
Lot 1000, Grant No. 35375 and Lot 999, G.M. 514, Mukim 8, Seberang Perai Selatan, Pulau Pinang.	Paper mill and tissue manufacturing factory	69,082/ 28,617	Between 7 to 26	Freehold industrial land	18,735,812	19.09.2001
Lot 642, Grant No. 2263, Mukim 8, Seberang Perai Selatan, Pulau Pinang.	A parcel of agricultural land	52,100	–	Freehold	670,000	19.09.2001
Lot 109, G.M. 372, I.R. 608 Lot 609, G.M. 594, I.R. 610 Lot 631, G.M. 107, I.R. 801, I.R 804 Lot 808, G.M. 598, Lot 810, G.M. 285 Lot 811, G.M. 286, Lot 957, G.M. 501 Lot 958, G.M. 502 & Lot 959, G.M. 503, Mukim 8, Seberang Perai Selatan, Pulau Pinang.	Lot 608 - Boiler house, mechanical workshop & wastewater treatment plant Lot 609 - Sanitary napkins manufacturing factory Lot 608 & Lot 609 - Finished goods warehouse Lot 608, Lot 609, Lot 109 & Lot 811 - Recycled paper warehouse, Stock preparation building The remaining industrial land is vacant	191,170/ 22,487	Between 1 to 3	Freehold industrial land	16,019,170	19.09.2001
Lot 5787, Pajakan Negeri No. 41687, Mukim of Parit Buntar, District of Krian, Perak.	Factory complex	4,165/ 3,100	5	Leasehold industrial land for 60 years expiring on 22.10.2047	1,776,767	19.09.2001
P.T. No.1582, H.S. (D) 27334, Mukim of Krubong, District of Melaka Tengah, Melaka	Vacant industrial land	1,890	–	Freehold industrial land	223,000	19.09.2001
Lot 442, Grant No. 32492 & Lot 443, G.M. 478, Mukim 7 and Lot 794, G.M. 277, Mukim 8, Seberang Perai Selatan, Pulau Pinang.	Lot 442 & Lot 443 - Vehicle workshop building	75,919/ 279	1	Freehold industrial land except for Lot 794 which is a freehold agricultural land	3,765,091	19.09.2001
H.S.(D) 224308, PTD No. 41665, Mukim of Senai, Kulai, District of Johor Bahru, Johor.	Factory under construction	7,382	–	Freehold	926,401	Acquired on 08.05.2002
Lot 3387, GM253, Mukim Petaling, Daerah Petaling, Selangor.	Vacant industrial land	4,390	–	Freehold	3,447,660	Acquired on 11.04.2002
P.T. No. 385, H.S. (D) 2279 Mukim 13, Seberang Perai Tengah, Pulau Pinang.	Vacant industrial land	4,876	–	Leasehold for 60 years expiring on 05.07.2060	599,021	19.09.2001

SHARE CAPITAL AS AT 31 JULY 2003

Authorised Capital:	RM250,000,000.00
Issued and Fully Paid-Up Capital:	RM62,400,000.00 consisting 624,000,000 ordinary shares of RM0.10 each
Class of Equity Securities:	Ordinary shares of RM0.10 each
Voting Rights:	One vote per share

Distribution Schedule of Shareholders As At 31 July 2003

No. of Holders	Holdings	Total Shareholdings	%
3	Less than 100	100	0.00
611	100-1,000	601,580	0.10
1,528	1,001 - 10,000	8,333,900	1.33
627	10,001 - 100,000	18,730,000	3.00
118	100,001 to less than 5% of issued shares	311,567,954	49.93
4	5% and above of issued shares	284,766,466	45.64
2,891		624,000,000	100.00

30 Largest Securities Account Holders for Ordinary Shares As At 31 July 2003

No.	Name	No. of Shares Held	%
1	Lee See Jin	175,740,594	28.16
2	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Teik Lin)	41,748,099	6.69
3	Lee Chong Choon	35,741,265	5.73
4	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Teik Kee)	31,536,508	5.05
5	Wangsa Danau Sdn Bhd	31,100,000	4.98
6	CIMB Nominess (Tempatan) Sdn Bhd (Pledged Securities Account For: Lee See Jin)	29,862,143	4.79
7	Delima Seraya Sdn Bhd	27,526,707	4.41
8	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Kota Beras Sdn Bhd)	24,151,068	3.87
9	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: B.T. Teoh Holdings Sdn Bhd)	21,092,729	3.38
10	Ooi Yan Hua	14,094,325	2.26
11	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Teik Jin)	12,101,213	1.94
12	Tan Keat Chew	11,824,322	1.89
13	Ooi Kim Tean @ Ng Ah Ba	10,435,654	1.67
14	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Ginny Teoh Chooi Sean)	8,050,000	1.29
15	Tan Swee Kim @ Tan Poh Gaik	7,815,744	1.25
16	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Boon Teong)	7,018,000	1.12
17	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Boon Beng @ Teoh Eng Kuan)	6,821,000	1.09
18	Employees Provident Fund Board	6,240,000	1.00
19	HDM Nominees (Tempatan) Sdn Bhd	6,050,000	0.97
20	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For: Teoh Teik Toe)	5,588,000	0.90
21	Permodalan Nasional Berhad	5,000,000	0.80
22	CIMB Nominess (Tempatan) Sdn Bhd (Pledged Securities Account For: Tan Keat Chew)	4,904,372	0.79
23	Lee Eng Sui	4,659,573	0.75

30 Largest Securities Account Holders for Ordinary Shares As At 31 July 2003 (cont'd)

No.	Name	No. of Shares Held	%
24	Ng Cheng Kee	3,617,822	0.58
25	Ng Kim Sun @ Ng Ang Ba	3,341,184	0.54
26	CIMB Nominess (Tempatan) Sdn Bhd (Pledged Securities Account For: Tan Swee Kim @ Tan Poh Gaik)	3,241,735	0.52
27	CIMB Nominess (Tempatan) Sdn Bhd (Pledged Securities Account For: Ooi Kim Tean @ Ng Ah Ba)	3,175,294	0.51
28	Commerce Technology Ventures Sdn Bhd	3,000,000	0.48
29	CIMB Nominess (Tempatan) Sdn Bhd (Pledged Securities Account For: Lee Eng Sui)	2,839,751	0.46
30	Amanah Saham Mara Berhad	2,000,000	0.32

Substantial Shareholders As At 31 July 2003

(excluding those who are bare trustees pursuant to Section 69 of the Companies Act, 1965)

	No. of ordinary shares of RM0.10 each beneficially held by the Substantial Shareholders					
Name of Substantial Shareholders	**Direct**	**%**	**Note**	**Indirect**	**Note**	**%**
Lee See Jin	175,740,594	28.16		14,094,325	4	2.26
Teoh Teik Lin	42,248,099	6.77	1	–		–
Lee Chong Choon	35,741,265	5.73		–		–
Teoh Teik Kee	31,536,508	5.05	2	–		–
Teoh Teik Jin	12,101,213	1.94	3	21,092,729	5	3.38

Notes:

1. *By virtue of his shareholdings of 41,748,099 shares held through HDM Nominees (Tempatan) Sdn Bhd and 500,000 shares held under his own name.*
2. *Held through HDM Nominees (Tempatan) Sdn Bhd.*
3. *Held through HDM Nominees (Tempatan) Sdn Bhd.*
4. *Deemed interested by virtue of Madam Ooi Yan Hua, his spouse's interest in NTPM Holdings Berhad.*
5. *Deemed interested by virtue of his shareholdings held in B.T. Teoh Holdings Sdn Bhd.*

Directors' Shareholdings (Direct & Indirect) As At 31 July 2003

	No. of ordinary shares of RM0.10 each beneficially held by the Directors					
Name of Directors	**Direct**	**Note**	**%**	**Indirect**	**Note**	**%**
Teoh Boon Beng @ Teoh Eng Kuan	6,821,000	1	1.09	24,151,068	3	3.87
Lee See Jin	175,740,594		28.16	14,094,325	4	2.26
Lee Chong Choon	35,741,265		5.73	–		–
Teoh Teik Jin	12,101,213	2	1.94	21,092,729	5	3.38
Lim Han Nge	–		–	–		–
Tan Hock Soon	–		–	–		–

Notes:

1. *Held through HDM Nominees (Tempatan) Sdn Bhd.*
2. *Held through HDM Nominees (Tempatan) Sdn Bhd.*
3. *Deemed interested by virtue of his shareholdings in Kota Beras Sdn Bhd.*
4. *Deemed interested by virtue of Madam Ooi Yan Hua, his spouse's interest in NTPM Holdings Berhad.*
5. *Deemed interested by virtue of his shareholdings held in B.T. Teoh Holdings Sdn Bhd.*

Notice of the Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of NTPM Holdings Berhad ("NTHB" or "the Company") will be held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 26 September 2003 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 30 April 2003 together with the Reports of the Directors and Auditors thereon.

2. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965 as an ordinary resolution:

   "That Mr. Teoh Boon Beng @ Teoh Eng Kuan, who is over the age of seventy years and retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company, to hold office until the next Annual General Meeting of the Company." **(Resolution 1)**

3. To re-elect Mr. Lee See Jin, who retires in accordance with Article 133 of the Company's Articles of Association and being eligible, offers himself for re-election; **(Resolution 2)**

4. To re-elect the following Directors, who retire in accordance with Article 138 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (a) Mr. Lim Han Nge; and **(Resolution 3)**
   (b) Mr. Tan Hock Soon **(Resolution 4)**

5. To approve the payment of final tax exempt dividend of 9.62% for the year ended 30 April 2003; **(Resolution 5)**

6. To approve the payment of directors' fees for the year ended 30 April 2003; **(Resolution 6)**

7. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration; **(Resolution 7)**

AS SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass with or without modifications, the following ordinary resolution:

   <u>Authority to issue shares pursuant to Section 132D of the Companies Act, 1965</u>

   "That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 percentum of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares to be issued." **(Resolution 8)**

NOTICE OF ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final tax exempt dividend of 9.62% will be payable on 17 October 2003 to depositors who are registered in the Record of Depositors at the close of business on 3 October 2003 if approved by members at the Seventh Annual General Meeting on 26 September 2003.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 October 2003 in respect of ordinary transfers; and

(b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board,

THUM SOOK FUN
(MAICSA 7025619)
Company Secretary

Pulau Pinang
Dated: 4 September 2003

Explanatory Notes to Special Business:

Resolution no. 8 on authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item no. 8 above, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

4. All proxy forms must be duly executed and deposited at the registered office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Pulau Pinang at least 48 hours before the time for holding the meeting or any adjournment thereof.

1. Directors who are standing for re-appointment or re-election at the Seventh Annual General Meeting of the Company are:

   i. Mr. Teoh Boon Beng @ Teoh Eng Kuan;
   ii. Mr. Lee See Jin;
   iii. Mr. Lim Han Nge; and
   iv. Mr. Tan Hock Soon.

   Only one (1) Board of Directors Meeting had been held during the year ended 30 April 2003 and had been attended by all the above Directors.

2. The Seventh Annual General Meeting of the Company will be held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 26 September 2003 at 9.30 a.m.

3. Further details of the Directors standing for re-appointment or re-election at the Seventh Annual General Meeting are set out on pages 4 to 5, the family relationship with any director and / or substantial shareholder of the Company is set out on page 5 and their shareholdings information is listed on page 67 of this Annual Report.

Proxy Form **NTPM Holdings Berhad** (384662-U)

(Incorporated in Malaysia)

No. of shares held	

I / We ____, of ____,
(BLOCK LETTERS) (BLOCK LETTERS)

being a member of **NTPM HOLDINGS BERHAD** ("the Company"), do hereby appoint ______________________________

____, of ____,

or failing him, ____, of ____,
or failing him, the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf at the Seventh Annual General Meeting of the Company to be held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 26 September 2003 at 9.30 a.m. and at any adjournment thereof.

My / Our Proxy is to vote as indicated below:

	Resolutions	**For**	**Against**
ORDINARY BUSINESS:			
1.	Re-appointment of Mr. Teoh Boon Beng @ Teoh Eng Kuan as a Director;		
2.	Re-election of Mr. Lee See Jin as a Director;		
3.	Re-election of Mr. Lim Han Nge as a Director;		
4.	Re-election of Mr. Tan Hock Soon as a Director;		
5.	Approval for the payment of final tax exempt dividend of 9.62%;		
6.	Approval for the payment of directors' fees;		
7.	Re-appointment of Messrs. Ernst & Young as Auditors;		
SPECIAL BUSINESS:			
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an 'X' in the space provided how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he /she thinks fit)

Signed this _______ day of ______________________, 2003

____
Signature of Shareholder / Common Seal

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

4. All proxy forms must be duly executed and deposited at the registered office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Pulau Pinang at least 48 hours before the time for holding the meeting or any adjournment thereof.

stamp
here

To:

Company Secretary
NTPM Holdings Berhad (384662 U)
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Pulau Pinang.