

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2004

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 listed on the Main Board of Bursa Malaysia Securities Berhad. 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 July 2004.

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 2004, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 28	Discontinuing Operations
MASB 29	Employee Benefits

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (Contd.)

The effects of adopting MASB 25 and MASB 29 are summarised in the Statements of Changes in Equity and further information is disclosed in Note 28 to the financial statements. The adoption of MASB 27 and MASB 28 have not given rise to any adjustments to the opening balances of retained profits of the Group and accumulated losses of the Company of the prior and current years or to changes in comparatives.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using merger method of accounting except for certain subsidiaries, i.e. Nibong Tebal Logistics Sdn. Bhd. (formerly known as H-Link Sdn. Bhd.) and Jia In Sdn. Bhd. which are consolidated using acquisition method of accounting.

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 books 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.

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 the subsidiaries are measured at their fair values at the date of acquisition. 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.

Intra-group 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 the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Reserve on Consolidation

Reserve on consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

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.

(d) 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.

(e) Property, Plant and Equipment and Depreciation

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

Freehold and leasehold land are stated at valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market basis. 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 unutilised previously recognised revaluation surplus in respect of the same asset and the balance 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 capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the lease term, i.e. 46 years - 60 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Property, Plant and Equipment and Depreciation (Contd.)

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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sale.

(g) Cash and Cash Equivalents

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

(h) Hire-Purchase and Lease

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

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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Hire-Purchase and Lease (Contd.)

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 in accordance 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.

(i) Provisions for Liabilities

Provisions for liabilities are recognised when the Company 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 estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Income Tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 May 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 28.

(k) Employee Benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary makes contributions to its country's statutory pension scheme. Such contributions are recognised as an expense in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Employee Benefits (Contd.)

iii. Defined Benefit Plans

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

The Group's obligations under the plan, calculated using the Projected Unit Credit Method, are determined based on actuarial computations by independent actuaries, through which 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 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 costs are recognised immediately to the extent that the benefits are already vested, and otherwise are 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. 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.

iv. Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

Prior to the adoption of MASB 29 Employee Benefits on 1 May 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. This change in accounting policy has been accounted for retrospectively and the effects of the change are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) 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 taxes, discounts and returns upon transfers 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 proportionate basis that reflects the effective yield on the assets.

iv. Rental income

Rental income is recognised on an accrual basis.

(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 statements.

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 operations have been those of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Foreign Currencies (Contd.)

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

	2004 RM	2003 RM
United States Dollar (USD)	3.7950	3.7950
Singapore Dollar (SGD)	2.2288	2.1405
Japanese Yen (JPY)	0.0344	0.0320
Euro Dollar (EURO)	4.5400	4.2660

(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.

(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 investments other than investments in subsidiaries are stated at cost less impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Financial Instruments (Contd.)

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 a 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 borrowing 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 funds drawn down from that borrowing facility.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Financial Instruments (Contd.)

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 income statement 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 consists of the following:

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Sales of paper products such as toilet rolls, tissues, serviette; cotton products; sanitary products and mineral water	201,346,908	185,726,005	-	-
Printing of operating manuals, journals and packaging materials	6,709	25,800	-	-
Dividend income from a subsidiary	-	-	6,500,000	15,775,368
	201,353,617	185,751,805	6,500,000	15,775,368

4. OTHER OPERATING INCOME

Included in other operating income are:

	GROUP	
	2004	2003
	RM	RM
Amortisation of reserve on consolidation	26,424	26,424
Bad debts recovered	748,150	42,621
Gain on disposal of plant and equipment	203,822	123,298
Realised foreign exchange gain	1,183,457	144,605
Rental income	117,714	147,000
Reversal of provision for doubtful debts	-	19,642
Unrealised foreign exchange gain	53,312	7,405

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5. STAFF COSTS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
		Restated		
Wages and salaries	16,180,024	13,606,611	-	-
Directors' remuneration (Note 7)	2,442,737	2,309,710	40,000	70,000
Social security costs	323,692	287,036	-	-
Short term accumulating compensated absences	439,864	458,902	-	-
Pension costs - defined contribution plans	2,811,708	2,442,653	-	-
Pension costs - defined benefit plan (Note 19)	86,850	62,486	-	-
Other staff related expenses	11,430,944	10,812,736	-	-
	33,715,819	29,980,134	40,000	70,000

The number of employees in the Group at the end of the financial year was 1,393 (2003: 1,238).

6. OTHER OPERATING EXPENSES

Included in other operating expenses are :

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Auditors' remuneration				
- current year	123,440	99,504	25,200	10,000
- under provision in prior years	26,363	-	14,700	-
- over provision in prior years	-	(13,500)	-	-
- other services	21,252	98,758	2,035	31,200
Bad debts written off	168,827	90,719	-	-
Deposit written off	-	1,015	-	-
Non-executive directors' remuneration (Note 7)	87,500	112,000	87,500	112,000
Inventories written down to net realisable value	73,474	199,920	-	-
Membership in golf club written off	20,000	-	-	-
Plant and equipment written off	593	77,353	-	-
Provision for doubtful debts	281,197	230,156	-	-
Rental expense	611,349	546,695	-	-

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7. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	890,400	676,200	-	-
Fee				
- current year provision	40,000	40,000	40,000	40,000
- under provision in prior year	-	20,000	-	20,000
Bonus				
- current year provision	430,667	573,067	-	-
- under provision in prior year	26,134	26,667	-	-
Benefits-in-kind	27,300	18,700	-	-
	1,414,501	1,354,634	40,000	60,000
Non-executive:				
Fee				
- current year provision	80,000	80,000	80,000	80,000
- under provision in prior year	-	20,000	-	20,000
Allowance	7,500	2,000	7,500	2,000
	87,500	102,000	87,500	102,000
Other Directors				
Executive:				
Salaries and other emoluments	834,296	692,064	-	-
Fees				
- current year provision	20,000	41,346	-	-
- under provision in prior year	-	20,000	-	10,000
Bonus				
- current year provision	198,240	209,766	-	-
- under provision in prior year	3,000	10,600	-	-
Benefits-in-kind	12,800	14,717	-	-
	1,068,336	988,493	-	10,000
Former non-executive director :				
Fee				
- under provision in prior year	-	10,000	-	10,000
Total	2,570,337	2,455,127	127,500	182,000
Analysis:				
Total for executive directors' remuneration (Note 5)	2,442,737	2,309,710	40,000	70,000
Total for non-executive directors' remuneration (Note 6)	87,500	112,000	87,500	112,000
Grand total excluding benefits-in-kind	2,530,237	2,421,710	127,500	182,000
Benefits-in-kind	40,100	33,417	-	-
Grand total including benefits-in-kind	2,570,337	2,455,127	127,500	182,000

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7. DIRECTORS' REMUNERATION (CONTD.)

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	
	2004	2003
Executive directors:		
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	1	-
RM950,001 - RM1,000,000	1	-
RM1,050,001 - RM1,100,000	-	1
Non-Executive directors:		
Below RM50,000	4	4

8. FINANCE COSTS, NET

Included in finance costs, net are:

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Interest expense	(1,187,361)	(857,466)	-	(81,159)
Interest income from deposits	7,536	5,503	-	-

9. TAXATION

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
	Restated			
Tax expenses for the year				
Malaysian income tax	6,671,000	5,871,000	140,000	466,667
Foreign tax	60,880	135,335	-	-
	6,731,880	6,006,335	140,000	466,667
Transfer to deferred taxation (Note 26)	414,626	1,782,139	-	-
	7,146,506	7,788,474	140,000	466,667
Overprovision in prior years:				
Malaysian income tax	(613,315)	(267,345)	-	-
Foreign tax	(26,818)	(39,177)	-	-
Deferred taxation (Note 26)	(37,625)	-	-	-
	6,468,748	7,481,952	140,000	466,667

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9. TAXATION (CONTD.)

Income tax is calculated at the statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2004 RM	2003 RM Restated
GROUP		
Profit before taxation	35,052,120	35,615,338
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	9,814,594	9,972,295
Tax savings of 8% for first RM500,000 (2003: RM100,000) of chargeable income	(51,056)	(8,000)
Effect of different tax rates in other countries	(43,471)	(39,664)
Expenses not deductible for tax purposes	196,725	961,052
Income not subject to tax	(348,279)	(51,319)
Deferred tax assets not recognised during the year	57,786	-
Reinvestment allowance claimed during the year	(2,479,793)	(3,045,890)
Overprovision of deferred tax in prior year	(37,625)	-
Overprovision of income tax in prior years	(640,133)	(306,522)
Tax expense for the year	6,468,748	7,481,952
COMPANY		
Profit before taxation	6,150,592	14,578,065
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	1,722,166	4,081,858
Expenses not deductible for tax purposes	97,834	335,245
Income not subject to tax	(1,680,000)	(3,950,436)
Tax expense for the year	140,000	466,667

Subsequent to the year end, the investigation unit of the Inland Revenue Board commenced a detailed inquiry into the tax affairs of the Group. To date, the Inland Revenue Board has yet to raise any issue for the Group to address.

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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	
	2004	2003 Restated
Net profit for the year (RM)	28,514,084	28,145,528
Weighted average number of ordinary shares in issue	624,000,000	624,000,000
Basic earnings per share (sen)	4.6	4.5

The comparative basic earnings per share has been restated to take into account changes in accounting policies as disclosed in Note 28.

11. DIVIDENDS

	Amount		Net dividend per share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
In respect of the financial year ended 30 April 2002:				
Final tax exempt dividend of 208.38%, paid on 26 February 2003	-	8,108,701	-	208.4
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	-	154.2
Final tax exempt dividend of 9.62% paid on 17 October 2003	6,000,000	-	0.96	-
	6,000,000	14,108,701	0.96	362.6

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 April 2004, of 19.23% on 624,000,000 ordinary shares of RM0.10 each, amounting to a total dividend payable of RM12,000,000 (1.92 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 2005.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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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 2003	47,003,665	6,785,258	134,090,054	12,577,139	5,443,540	205,899,656
Additions	4,356,000	30,527,405	1,231,221	1,482,846	795,197	38,392,669
Disposals/Write offs	(15,600)	-	(87,949)	(730,683)	(10,219)	(844,451)
Reclassification	5,901,807	(14,861,959)	8,960,152	-	-	-
At 30 April 2004	57,245,872	22,450,704	144,193,478	13,329,302	6,228,518	243,447,874
Representing:						
At cost	17,951,872	22,450,704	144,193,478	13,329,302	6,228,518	204,153,874
At valuation	39,294,000	-	-	-	-	39,294,000
	57,245,872	22,450,704	144,193,478	13,329,302	6,228,518	243,447,874
Accumulated Depreciation						
At 1 May 2003	840,743	-	76,777,418	9,643,751	2,397,345	89,659,257
Depreciation charge for the year	630,582	-	11,087,670	1,024,297	484,813	13,227,362
Disposals/Write offs	(2,136)	-	(87,881)	(664,113)	(9,857)	(763,987)
At 30 April 2004	1,469,189	-	87,777,207	10,003,935	2,872,301	102,122,632
Representing:						
At cost	136,844	-	87,777,207	10,003,935	2,872,301	100,790,287
At valuation	1,332,345	-	-	-	-	1,332,345
	1,469,189	-	87,777,207	10,003,935	2,872,301	102,122,632
Net Book Value						
At 30 April 2004						
At cost	17,815,028	22,450,704	56,416,271	3,325,367	3,356,217	103,363,587
At valuation	37,961,655	-	-	-	-	37,961,655
	55,776,683	22,450,704	56,416,271	3,325,367	3,356,217	141,325,242
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
Depreciation charge for 2003	536,995	-	10,104,883	927,750	422,994	11,992,622

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* 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 2003	29,568,579	616,000	350,000	16,469,086	47,003,665
Additions	4,356,000	-	-	-	4,356,000
Disposals	-	-	-	15,600)	(15,600)
Reclassification	443,499	-	-	5,458,308	5,901,807
At 30 April 2004	34,368,078	616,000	350,000	21,911,794	57,245,872
Representing:					
At cost	9,370,078	-	-	8,581,794	17,951,872
At valuation	24,998,000	616,000	350,000	13,330,000	39,294,000
	34,368,078	616,000	350,000	21,911,794	57,245,872
Accumulated Depreciation					
At 1 May 2003	-	16,979	12,028	811,736	840,743
Depreciation charge for the year	-	10,621	7,609	612,352	630,582
Disposals	-	-	-	2,136)	(2,136)
At 30 April 2004	-	27,600	19,637	1,421,952	1,469,189
Representing:					
At cost	-	-	-	136,844	136,844
At valuation	-	27,600	19,637	1,285,108	1,332,345
	-	27,600	19,637	1,421,952	1,469,189
Net Book Value					
At 30 April 2004					
At cost	9,370,078	-	-	8,444,950	17,815,028
At valuation	24,998,000	588,400	330,363	12,044,892	37,961,655
	34,368,078	588,400	330,363	20,489,842	55,776,683
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
Depreciation charge for 2003	-	10,441	7,590	518,964	536,995

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (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.

Details of the latest independent professional valuation of properties owned by the Group at 30 April 2004 are as follows:

Date of Valuation	Description of Property	Valuation Amount RM	Basis of Valuation
19 September 2001	Freehold industrial land and building at Seberang Perai Selatan, Penang	32,940,000	Comparison and depreciated replacement cost method
19 September 2001	Freehold agricultural land at Seberang Perai Selatan, Penang	720,000	Comparison method
19 September 2001	Leasehold industrial land and building at Parit Buntar, Perak	1,840,000	Comparison and depreciated replacement cost method
19 September 2001	Freehold industrial land at Melaka	223,000	Comparison method
19 September 2001	Freehold industrial land at Seberang Perai Selatan, Penang	2,955,000	Comparison method
19 September 2001	Leasehold industrial land at Seberang Perai Tengah, Penang.	616,000	Comparison method
		<u>39,294,000</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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	
	2004	2003
	RM	RM
Freehold land	6,359,779	6,359,779
Long term leasehold land	835,467	850,386
Short term leasehold land	136,040	139,280
Buildings	10,361,232	10,769,527
	<u>17,692,518</u>	<u>18,118,972</u>

(b) Net book value of motor vehicles of the Group held under hire-purchase and finance lease arrangements is RM394,988 (2003: RM57,923).

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

	GROUP	
	2004	2003
	RM	RM
Freehold land	-	12,682,337
Leasehold land	588,400	599,021
Buildings	-	11,635,812
	<u>588,400</u>	<u>24,917,170</u>

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM39,252,176 (2003: RM35,958,766).

(e) The carrying amount of temporarily idle assets of the Group amounted to RM604,713 (2003: RM2,260,812).

(f) Included in property, plant and equipment of the Group are motor vehicles with carrying values amounting to RM39,615 (2003: RM73,323) and RM393 (2003: RM8,700) which are held in trust by third parties and related parties respectively.

(g) Certain land title deeds of a subsidiary are in the process of being transferred to the subsidiary's name. The carrying value of the land amounted to RM8,310,061 (2003: RM3,954,061).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

13. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares:		
At valuation	88,889,227	88,889,227

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

Name of Subsidiaries	Equity interest held		Principal Activities	Country of incorporation
	2004 %	2003 %		
Nibong Tebal Enterprise Sendirian Berhad	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 paper products such as toilet rolls, tissues, serviette and investment holding	) Malaysia
Nibong Tebal Personal Care Sdn. Bhd.	100.00	100.00	) Manufacturing and trading of personal care products such as sanitary products	) Malaysia
Nibong Tebal Logistics Sdn. Bhd. (formerly known as H-Link Sdn. Bhd.)	100.00	100.00	) Intergrated logistics services, warehousing and trading of fast moving consumer goods	) 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 a firm of auditors other than Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

14. OTHER INVESTMENTS

	GROUP	
	2004	2003
	RM	RM
Unquoted shares, at cost	17,817	17,817
Membership in golf club, at cost	66,185	86,185
	<u>84,002</u>	<u>104,002</u>

15. INVENTORIES

	GROUP	
	2004	2003
	RM	RM
Cost:		
Raw materials	12,657,563	11,225,472
Work-in-progress	1,572,246	644,583
Finished goods	8,405,396	5,439,795
	<u>22,635,205</u>	<u>17,309,850</u>
Net realisable value:		
Raw materials	-	218,176
	<u>22,635,205</u>	<u>17,528,026</u>

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM129,962,387 (2003: RM115,248,675).

16. TRADE RECEIVABLES

	GROUP	
	2004	2003
	RM	RM
Trade receivables	36,281,542	35,100,708
Provision for doubtful debts	(1,993,980)	(2,445,166)
	<u>34,287,562</u>	<u>32,655,542</u>

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 terms range from 30 days to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

17. OTHER RECEIVABLES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Due from a subsidiary	-	-	360,000	-
Deposits for purchase of property, plant and equipment and raw materials	38,020	532,787	-	-
Sundry deposits and prepayments	860,673	575,239	-	-
Sundry receivables	1,211,970	1,070,501	140,819	140,819
Staff advances	121,517	289,600	-	-
Tax refundable	979,715	1,324,275	-	-
	3,211,895	3,792,402	500,819	140,819
Provision for doubtful debts	(280,095)	(289,731)	-	-
	2,931,800	3,502,671	500,819	140,819

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.

The amount due from a subsidiary comprises dividend receivable from Nibong Tebal Paper Mill Sdn. Bhd..

18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM	RM	RM	RM
Cash on hand and at banks	6,590,794	6,165,331	15,995	15,995
Short term placements with a licensed bank	1,500,000	420,000	-	-
	8,090,794	6,585,331	15,995	15,995

The effective interest rate for deposits with licensed banks was 2.45% (2003: 2.45%) per annum. The maturities of the deposits as at the end of the financial year were 1 day to 2 days (2003: 2 days).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

19. RETIREMENT BENEFIT OBLIGATIONS

A subsidiary operates an unfunded defined benefit plan for its eligible employees, as provided under the agreement between the Company and Paper And Paper Products Manufacturing Employees Union. Under the plan, employees with a minimum period of service of 5 years are entitled to retirement benefits calculated at 4% of final salary on attainment of the retirement age of 55.

The amount recognised in the balance sheet represents the present value of the unfunded defined benefit obligations, analysed as follows:

	GROUP	
	2004 RM	2003 RM
Current	471,315	384,465

The amounts recognised in the income statement are as follows:

	GROUP	
	2004 RM	2003 RM
Current service cost	55,311	47,194
Interest cost	31,539	15,292
Total, included in staff costs (Note 5)	86,850	62,486

Movements in the net liability in the current year were as follows:

	GROUP	
	2004 RM	2003 RM
At 1 May	384,465	321,979
Amounts recognised in the income statement (Note 5)	86,850	62,486
At 30 April	471,315	384,465

Principal actuarial assumptions used:

	2004 %	2003 %
Discount rate	7.00	8.00
Expected rate of salary increases	7.00	8.00

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

20. BORROWINGS

	GROUP	
	2004 RM	2003 RM
Short Term Borrowings		
Secured:		
Bankers' acceptance	20,743,000	15,748,000
Export credit refinancing	8,684,000	12,968,000
Term loans	2,599,905	1,610,847
Hire-purchase payables (Note 20.1)	77,041	22,425
	<u>32,103,946</u>	<u>30,349,272</u>
Long Term Borrowings		
Secured:		
Term loans	4,982,140	364,384
Total Borrowings		
Bankers' acceptance	20,743,000	15,748,000
Export credit refinancing	8,684,000	12,968,000
Term loans	7,582,045	1,975,231
Hire-purchase payables	77,041	22,425
	<u>37,086,086</u>	<u>30,713,656</u>
Maturity of borrowings (excluding hire-purchase payables):		
Within 1 year	32,026,905	30,326,847
More than 1 year and less than 2 years	3,107,661	103,942
More than 2 years and less than 5 years	1,874,479	260,442
	<u>37,009,045</u>	<u>30,691,231</u>

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

	2004 %	2003 %
Bank overdrafts	-	7.40
Bankers' acceptance	3.02 - 3.59	3.02 - 3.16
Export credit refinancing	2.90 - 3.00	3.00 - 3.25
Term loans	6.00 - 7.50	6.00 - 10.50

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

20. BORROWINGS (CONTD.)

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

- Joint and several guarantee by the directors and person connected to a director by virtue of his family relationship of a subsidiary for RM36,000,000 (2003: RM66,150,000);
- Legal charge over freehold land and building with carrying values amounting to RM24,318,149 of the subsidiary in the last financial year;
- Corporate guarantee from the Company for RM114,150,000 (2003: RM66,150,000); and
- Negative pledge

The term loan is secured by the following:

- Corporate guarantee from the Company for RM15,500,000 (2003: RM500,000);
- Joint and several guarantee by the directors of certain subsidiaries;
- First legal charge over a leasehold land with carrying value of RM588,400 (2003: RM599,021); and
- Negative pledge

20.1 HIRE-PURCHASE PAYABLES

	GROUP	
	2004 RM	2003 RM
Minimum lease payments:		
Not later than one year	79,242	23,596
	79,242	23,596
Finance charges	(2,201)	(1,171)
Present value of hire-purchase payables	77,041	22,425
Present value of hire-purchase payables:		
Not later than one year	77,041	22,425
Analysed as:		
Due within 12 months (Note 20)	77,041	22,425

The hire-purchase payables carried interest of 2.80% (2003: 5.90% to 14.93%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

21. TRADE PAYABLES

	GROUP	
	2004 RM	2003 RM
Trade payables	13,731,133	10,455,363

The normal trade credit terms granted to the Group range from 30 days to 90 days.

22. OTHER PAYABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Due to directors	40,059	13,726	-	-
Due to subsidiaries	-	-	2,473,908	2,026,092
Accrual for payroll related expenses	4,528,108	4,249,815	122,000	124,000
Indirect taxes and other statutory payables	2,232,092	2,232,835	-	-
Accruals of expenses	2,095,023	2,698,050	55,905	152,313
Other payables	4,094,999	3,686,332	-	-
	12,990,281	12,880,758	2,651,813	2,302,405

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.

23. SHARE CAPITAL

	Number of Ordinary Shares of RM0.10/RM1.00 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At 1 May	2,500,000,000	10,000,000	250,000,000	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	2,500,000,000	250,000,000	250,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

23. SHARE CAPITAL (CONTD.)

	Number of Ordinary Shares of RM0.10/RM1.00 Each		Amount	
	2004	2003	2004 RM	2003 RM
Issued and fully paid:				
At 1 May	624,000,000	3,891,299	62,400,000	3,891,299
Share split 10:1	-	35,021,691	-	-
Bonus issue	-	585,087,010	-	58,508,701
At 30 April	624,000,000	624,000,000	62,400,000	62,400,000

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

24. OTHER RESERVES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-Distributable				
Revaluation reserves:				
Properties	7,863,232	7,863,232	-	-
Investments in subsidiaries	-	-	24,972,543	24,972,543
	7,863,232	7,863,232	24,972,543	24,972,543

The movements in each category of reserves were as follows:

	GROUP	
	2004 RM	2003 RM
Revaluation Reserves - Properties		
At 1 May	7,863,232	19,395,544
Capitalisation of bonus issue	-	(11,532,312)
At 30 April	7,863,232	7,863,232
Capital reserve		
At 1 May	-	17,117,642
Capitalisation of bonus issue	-	(17,117,642)
At 30 April	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

24. OTHER RESERVES (CONTD.)

	COMPANY	
	2004 RM	2003 RM
Revaluation Reserves - Investments in Subsidiaries		
At 1 May	24,972,543	83,481,244
Capitalisation of bonus issue	-	(58,508,701)
At 30 April	24,972,543	24,972,543

25. RETAINED PROFITS

The Company has, pending agreement with the tax authorities, tax exempt profit of approximately RM1,706,000 (2003: RM1,706,000) available for distribution as at 30 April 2004.

The Company also has, pending agreement with the tax authorities, sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank by way of non tax exempt dividend approximately RM1,446,000 (2003: RM1,306,000) of its retained profits as at 30 April 2004. Any non tax exempt dividend paid in excess of the amount will be subject to tax at 28%.

26. DEFERRED TAX LIABILITIES

	GROUP	
	2004 RM	2003 RM
At 1 May	11,954,133	10,171,817
Recognised in the income statement (Note 9)	377,001	1,782,139
	12,331,134	11,953,956
Exchange differences	933	177
At 30 April	12,332,067	11,954,133
Presented after appropriate offsetting as follows:		
Deferred tax assets	(914,344)	(1,034,707)
Deferred tax liabilities	13,246,411	12,988,840
	12,332,067	11,954,133

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

26. DEFERRED TAXATION LIABILITIES (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM	Unabsorbed Reinvestment Allowances RM	Other Payables RM	Total RM
At 1 May 2003	(107,650)	(152,000)	(775,057)	(1,034,707)
Recognised in the income statement	(24,318)	55,400	89,281	120,363
At 30 April 2004	(131,968)	(96,600)	(685,776)	(914,344)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Revaluation of Properties RM	Total RM
At 1 May 2003	11,456,100	1,532,740	12,988,840
Recognised in the income statement	395,032	(138,394)	256,638
Exchange differences	933	-	933
At 30 April 2004	11,852,065	1,394,346	13,246,411

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2004 RM	2003 RM
Unused tax losses	35,493	-
Unabsorbed capital allowances	22,293	-
Unabsorbed reinvestment allowances	11,410	131,743
	69,196	131,743

The unused tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

27. RESERVE ON CONSOLIDATION

	GROUP	
	2004	2003
	RM	RM
Reserve on consolidation	264,239	264,239
Accumulated amortisation	(105,696)	(79,272)
	<u>158,543</u>	<u>184,967</u>

28. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

During the financial year, the Group and the Company applied four new MASB Standards, which became effective in the current financial year, and accordingly modified certain accounting policies. The changes in the accounting policies which resulted in prior year adjustments are discussed below:

i. MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

ii. MASB 29: Employee Benefits

The adoption of MASB 29 resulted in the Group making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB 29.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

28. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of the changes in accounting policies are as follows:

	GROUP	
	2004	2003
	RM	RM
Effects on retained profits:		
At 1 May, as previously stated	38,934,527	45,807,316
Effect of adopting MASB 19*	-	8,108,701
Effect of adopting MASB 25	-	425,449
Effect of adopting MASB 29	(495,624)	(398,390)
	(495,624)	8,135,760
At 1 May, as restated	38,438,903	53,943,076
Effect on net profit for the year:		
Net profit before changes in accounting policies	28,581,068	28,668,211
Effect of adopting MASB 25	(24,852)	(425,449)
Effect of adopting MASB 29	(42,132)	(97,234)
	(66,984)	(522,683)
Net profit for the year	28,514,084	28,145,528

* This represents the effect of the change in accounting policy with respect to the recognition of proposed dividend as liabilities and recognition of dividend income under MASB 19: Events After The Balance Sheet Date.

Comparatives amounts as at 30 April 2003 have been restated as follows:

	Note	Previously stated RM	Adjustments RM	As restated RM
GROUP				
Staff costs	5	29,882,900	97,234	29,980,134
Tax expense	9	7,056,503	425,449	7,481,952
Other payables	22	12,385,134	495,624	12,880,758

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

29. COMMITMENTS

	GROUP	
	2004	2003
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Land and buildings	69,655	4,395,846
Plant and machinery	20,579,332	2,536,908
Motor vehicles	509,041	-
Operating lease commitments:		
Payable within one year	536,612	85,673
Payable between one and five years	246,975	-
	<u>21,941,615</u>	<u>7,018,427</u>

30. CONTINGENT LIABILITIES

	COMPANY	
	2004	2003
	RM	RM
Unsecured		
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>36,656,420</u>	<u>30,230,900</u>

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP	
	2004	2003
	RM	RM
Interest paid to Lee Eng Sia *	-	81,159
Rental income from Priority Plus Sdn. Bhd.**	<u>112,000</u>	<u>147,000</u>

	COMPANY	
	2004	2003
	RM	RM
Interest paid to Lee Eng Sia *	-	81,159
Dividend income from subsidiaries	<u>6,500,000</u>	<u>15,775,368</u>

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

** A company related 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

32. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

32. FINANCIAL INSTRUMENTS (CONTD.)

(e) Foreign Exchange Risk (Contd.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

At 30 April 2004:

	United States Dollar RM	Singapore Dollar RM	Japanese Yen RM	Euro Dollar RM	Total RM
Trade Receivables					
Ringgit Malaysia	3,491,488	-	-	-	3,491,488
Other Receivables					
Ringgit Malaysia	101,929	-	-	-	101,929
Cash and Bank Balances					
Ringgit Malaysia	606,003	6,060	-	-	612,063
Singapore Dollar	66,174	-	-	-	66,174
	672,177	6,060	-	-	678,237
Trade Payables					
Ringgit Malaysia	2,064,498	936,693	1,628	7,163	3,009,982
Other Payables					
Ringgit Malaysia	22,770	18,235	-	92,148	133,153

At 30 April 2003:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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32. FINANCIAL INSTRUMENTS (CONTD.)

(e) Foreign Exchange Risk (Contd.)

The outstanding forward foreign exchange contracts of a subsidiary are as follows:

Hedged items	Currency to be received/settled #	Amount in foreign currency	RM equivalent	Average forward contract rate	Fair value RM
At 30 April 2004:					
Trade receivables	Singapore Dollar	3,030,000	6,861,354	2.2645	6,749,266
Plant and machinery	Euro Dollar #	2,340,000	9,886,671	4.2251	10,698,390
At 30 April 2003:					
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.

The net unrecognised gains as at 30 April 2004 on forward foreign exchange contract used to hedge plant and machinery amounted to RM842,229.

(f) Fair Values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Note	GROUP Carrying Amount RM	Fair Value RM
Financial Assets			
At 30 April 2004:			
Other investments	14	84,002	*
At 30 April 2003:			
Other investments	14	104,002	*

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

32. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

	Note	GROUP		COMPANY	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Liabilities					
At 30 April 2004:					
Term loans	20	4,982,140	4,965,498	-	-
Amounts due to subsidiaries	22	-	-	2,473,908	□
At 30 April 2003:					
Term loans	20	364,384	339,852	-	-
Amounts due to subsidiaries	22	-	-	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 values 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		COMPANY	
		Nominal/ Notional Amount RM	Net Fair Value RM	Nominal/ Notional Amount RM	Net Fair Value RM
At 30 April 2004:					
Contingent liabilities	30	-	-	36,656,420	▲
Forward foreign exchange contracts:					
Trade Receivables	32(e)	6,861,354	6,749,266	-	-
Plant and machinery	32(e)	9,886,671	10,698,390	-	-
At 30 April 2003:					
Contingent liabilities	30	-	-	30,230,900	▲
Forward foreign exchange contracts	32(e)	6,466,014	6,335,810	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

32. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

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.

33. SEGMENTAL INFORMATION

(a) Business Segments:

The Group is organised into two major business segments:

i. Manufacturing- manufacturing of paper products such as toilet rolls, tissues, serviette and personal care products such as sanitary products.

ii. Trading- trading of paper, cotton and sanitary products and mineral 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

33. SEGMENTAL INFORMATION (CONTD.)

(a) Business Segments: (Contd.)

30 April 2004	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES						
Revenue						
Segment revenue						
External sales	19,126,325	182,227,292	-	201,353,617	-	201,353,617
Inter-segment sales	158,112,443	-	-	158,112,443	(158,112,443)	-
Total revenue	177,238,768	182,227,292	-	359,466,060	(158,112,443)	201,353,617
Results						
Segment results	33,605,152	3,223,095	(5,625)	36,822,622	-	36,822,622
Unallocated results						(308,985)
Profit from operations						36,513,637
Finance costs, net						(1,461,517)
Profit before taxation						35,052,120
Taxation						(6,468,748)
Profit after taxation						28,583,372
Minority interests						(69,288)
Net profit for the year						28,514,084
ASSETS AND LIABILITIES						
Segment assets	163,915,038	44,208,205	94,833	208,218,076	-	208,218,076
Unallocated assets:						
Tax assets						979,715
Corporate assets						156,814
Consolidated total assets						209,354,605
Segment liabilities	23,432,851	3,579,558	2,415	27,014,824	-	27,014,824
Unallocated liabilities:						
Borrowings						37,086,086
Tax liabilities						13,018,101
Corporate liabilities						177,905
Consolidated total liabilities						77,296,916

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

33. SEGMENTAL INFORMATION (CONTD.)

(a) Business Segments: (Contd.)

30 April 2004	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
Capital expenditure	37,165,325	1,227,344	-	38,392,669	-	38,392,669
Depreciation	12,369,390	857,972	-	13,227,362	-	13,227,362
Amortisation of reserve on consolidation	-	-	-	-	-	(26,424)
Non-cash expenses other than depreciation, goodwill written off and impairment losses	376,538	254,403	-	630,941	-	630,941

30 April 2003

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)	<u>185,751,805</u>

Results

Segment results	35,287,047	2,472,345	(11,361)	37,748,031	-	37,748,031
Unallocated results						<u>(1,075,720)</u>
Profit from operations						36,672,311
Finance costs, net						<u>(1,056,973)</u>
Profit before taxation						35,615,338
Taxation						<u>(7,481,952)</u>
Profit after taxation						28,133,386
Minority interests						12,142
Net profit for the year						<u>28,145,528</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

33. SEGMENTAL INFORMATION (CONTD.)

(a) Business Segments: (Contd.)

30 April 2003	Manufacturing RM	Trading RM	Others RM	Amalgamation RM	Eliminations RM	Consolidated RM
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						<u>156,814</u>
Consolidated total assets						<u>176,615,971</u>
Segment liabilities	20,556,419	2,883,023	4,831	23,444,273	-	23,444,273
Unallocated liabilities:						
Borrowings						30,713,656
Tax liabilities						12,680,988
Corporate liabilities						<u>276,313</u>
Consolidated total liabilities						<u>67,115,230</u>
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 and impairment losses	609,224	52,425	-	661,649	-	661,649

(b) Geographical Segments:

The Group's operations are mainly located in Malaysia, except that of 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	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Malaysia	143,042,593	131,816,206	197,740,119	165,635,211	37,727,535	27,734,352
Singapore	40,701,464	38,684,333	10,477,957	9,499,671	665,134	120,266
Others *	17,609,560	15,251,266	-	-	-	-
Consolidated	<u>201,353,617</u>	<u>185,751,805</u>	<u>208,218,076</u>	<u>175,134,882</u>	<u>38,392,669</u>	<u>27,854,618</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30 APRIL 2004

34. SUBSEQUENT EVENTS

- (a) On 16 June 2004, a subsidiary, H-Link Sdn. Bhd. changed its name to Nibong Tebal Logistics Sdn. Bhd..
- (b) Subsequent to the balance sheet date, the following subsidiary of the Company has declared a final dividend in respect of the financial year ended 30 April 2004:

	Net Dividend Payable RM	Net Dividend Per Share Sen
Nibong Tebal Paper Mill Sdn. Bhd. Final tax exempt dividend of 60% on 20,000,000 ordinary shares	<u>12,000,000</u>	<u>60.0</u>

35. COMPARATIVES

The following comparative amounts as at 30 April 2003 have been reclassified to conform with current year's presentation:

	As Reclassified RM	Adjustments RM	As Previously Stated RM
Income Statement			
Advertising and promotional expenses	3,044,666	3,044,666	-
Other operating expenses	<u>7,741,742</u>	<u>(3,044,666)</u>	<u>10,786,408</u>

36. CURRENCY

All amounts are stated in Ringgit Malaysia (RM).