**NTPM HOLDINGS BERHAD** (384662-U)
**启顺造纸业有限公司**
(Incorporated in Malaysia)

# Annual Report 2012

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Teoh Boon Beng @ Teoh Eng Kuan**
- Non-Independent Non-Executive Chairman

**Lee See Jin**
- Managing Director

**Lee Chong Choon**
- Executive Director

**Dr. Teoh Teik Toe**
- Non-Independent Non-Executive Director

**Lim Han Nge**
- Senior Independent Non-Executive Director

**Chang Kong Foo**
- Independent Non-Executive Director

**Teoh Teik Lin**
- Alternate Director, Non-Independent Non-Executive Director

## AUDIT COMMITTEE

**Chang Kong Foo**
- Independent Non-Executive Director, Chairman

**Lim Han Nge**
- Senior Independent Non-Executive Director, Member

**Dr. Teoh Teik Toe**
- Non-Independent Non-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 : marketing@ntpm.com.my
Website : www.ntpm.com.my

## COMPANY SECRETARY

**Thum Sook Fun** (MIA 24701)

## REGISTERED OFFICE

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

## AUDITORS

Ernst & Young
Chartered Accountants
21st Floor, MWE Plaza,
No. 8, Lebuh Farquhar, 10200 Pulau Pinang.

## PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

## SHARE REGISTRAR

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

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : NTPM
Stock Code : 5066

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 30 April 2012 ("FY 2012").

## FINANCIAL OVERVIEW

During the financial year ended 30 April 2012, the Group managed to achieve a higher revenue of RM449.8 million as compared to RM420.2 million in the previous financial year. The increase in revenue was substantially contributed by the growth in the personal care segment on the back of strong showings from the baby diapers product categories.

The Group's Profit Before Taxation for the financial year ended 30 April 2012 totalling RM59.5 million was 11.2% down compared to that of the previous financial year of RM67.1 million. The Group was faced with a competitive and demanding business environment, in particular the inflationary cost pressure brought on by the rising energy and wages costs and high volatility in raw material prices such as pulp and recycled paper, both of which are major raw material components for the manufacture of tissue and personal care products. Overall, the Group recorded a much higher tax rate of 25.6% in FY2012 compared to 21.2% in FY2011 due mainly to the higher tax attributable to tissue papers operation as the 15-year reinvestment allowance claim period for one of the subsidiaries of the Group had expired last year.

Despite the decrease in profitability, all in all, we have made great progress in FY 2012. We have raised our annual revenue to a new level. We have gained significant market share in the personal care segment as we added in new customers and maintained our leading position in the tissue industry. The Group is financially strong, with stable net cash flows generated from its operating activities and strong performances from the Group's two main core products, tissue related products and personal care segment. Corporate borrowing levels remain relatively manageable. Despite of the increase in bank borrowings from RM76.9 million to RM100.9 million, the Group remains moderately geared at 0.21 gearing ratio at the end of FY 2012. The higher bank borrowings were required to meet the Group's working capital and expansion needs.

The improvement in the general property market sentiment in Malaysia has however resulted in a revaluation surplus adjustment of the Group's land and buildings amounting to RM22.1 million that has increased the asset revaluation reserve to RM42.1 million from the previous financial year of RM20.0 million.

## CORPORATE DEVELOPMENT

NTHB had through its wholly owned subsidiary in Singapore, NTPM (Singapore) Pte. Ltd. incorporated a wholly owned subsidiary known as NTPM Paper Mill (Bentong) Sdn. Bhd. ("NTPM Bentong") on 10 May 2011 with an authorised and paid-up share capital of RM1 million divided into 1 million ordinary shares of RM1 each. On 7 December 2011, NTPM Bentong increased its authorized and paid up share capital to RM5 million and RM3 million respectively.

On 6 July 2011, the Company announced that NTPM Bentong had entered into two (2) conditional Sale and Purchase Agreements with Union Paper Industries Sdn Bhd ("UPI") to acquire a paper mill located at Bentong from UPI for a total cash consideration of RM20 million. The acquisition was completed on 20 January 2012. Subsequent to the refurbishment and upgrading work, NTPM Bentong began its trial production of tissue paper in May 2012. The acquisition would facilitate the Group's future expansion and complement its existing business activities. However, the acquisition is not expected to have an immediate material impact to the Group's bottom line.

## DIVIDENDS

A single tier interim dividend of 14.5% amounting to RM16,285,544 in respect of the financial year ended 30 April 2012 on 1,123,141,000 ordinary shares of RM0.10 each (1.45 sen per share) was paid on 20 April 2012. However, the Board of Directors has decided not to recommend the payment of a final dividend after due consideration. Thus, the total net dividend of 1.45 sen per share for the financial year ended 30 April 2012 represents a decrease of 50% from the previous financial year. The lower dividend payout ratio takes into consideration the Group's lower profitability and the need to conserve cash to finance the Group's future growth.

## PROSPECT AND OUTLOOK

The Board is of the view that the Group's business operations in the tissue and personal care segment will continue to be challenging in view of the intense competition in the Malaysian consumer market, high volatility in prices of commodities or raw materials, the soon to be implemented minimum wage ruling in Malaysia and inflationary cost pressure which may impact the Group's top and bottom line results.

Against this backdrop, the Group would continue to focus on further improving its production efficiencies by implementing tighter cost control measures, and also development of new products and penetration of new markets. The Company will continue to explore viable, synergistic and profitable business ventures to improve the Group's performance.

Barring any unforeseen circumstances, the Board envisages that the operating performance of the Group for the forthcoming financial year ending 30 April 2013 will be satisfactory.

## ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express my sincere thanks and gratitude to the management and employees for their hard work and commitment. I also wish to express my appreciation to our shareholders, customers, business associates, financiers and suppliers for their continuous support and co-operation.

Last but not least, to my fellow colleagues on the Board, I look forward to your continuous guidance and support as well as your continued active participation in our future Board meetings.

Date: 31 July 2012

兹谨代表董事局荣幸地提呈本公司及本集团截至2012年4月30日财政年（2012财政年）的年度报告及经审查财务报表。

## 财务概览

本集团在截至2012年4月30日的财政年裡，获得4亿4千980万令吉的收入，较上一个财政年的4亿2千零20万令吉来得高。收入的增加主要归功於个人护理产品部的成长，特别是婴儿纸尿片业绩表现不俗。

截至2012年4月30日财政年的集团税前盈利总计5千950万令吉，较上一个财政年的6千710万令吉减少11.2%。本集团面对著一个具竞争性及高要求的商业环境，尤其是能源与薪金的上涨，再加上制造纸巾及个人护理产品的主要原料即纸浆及废纸的价格也大幅波动。整体而言，纸巾业务造成本集团缴税率从前财政年的21.2%增加到现财政年的25.6%，必须缴付较高税务的主要原因是，本集团一家子公司的15年再投资津贴，已在去年逾期。

儘管盈利下降，我们仍在2012财政年取得很大的进展。我们将年度收入提高到一个新水平。我们的个人护理产品，取得显著的市场佔有率，因为我们增加了新顾客群，並且维持我们在纸巾业中的领先地位。本集团的财务非常强稳，主要是本集团的两项核心产品，即纸巾相关及个人护理产品的表现良好，而具备稳健的流动现金。公司贷款仍保持在可掌控的水平。虽然银行贷款从7千690万令吉增至1亿零90万令吉，但本集团在2012财政年结束时，仍维持在适度的0.21资产负债比率。较高的银行贷款是为应付本集团的营运资金及扩充需求。

随着马来西亚房地产业市场气氛的改善，本集团的地产及建筑物也从中取得2千210万令吉的重估盈餘调整，资产重估储备价值从上一个财政年的2千万令吉增至4千210万令吉。

## 企业发展

NTHB已在2011年5月10日，通过在新加坡的独资子公司NTPM (Singapore) Pte Ltd，以100万普通股、每股1令吉的100万令吉获授权及缴足资本，注册成立一家称为NTPM Paper Mill (Bentong) Sdn Bhd ("NTPM Bentong")的独资子公司。在2011年12月7日，NTPM Bentong增加其授权资本到500万令吉及缴足资本至300万令吉。

本公司经在2011年7月6日宣佈，NTPM Bentong 与 Union Paper Industries Sdn Bhd (UPI)签署两项有条件买卖合约，以现金2千万令吉向UPI收购一座位於文冬的纸厂。收购手续在2012年1月20日完成。经过翻新及提升後，NTPM Bentong在2012年5月开始试验性生产纸巾。这项收购将促进本集团的未来扩展及辅助现有的业务。然而，这次的收购并不会马上对本集团财务方面带来显著的影响。

## 股息

本集团在2012年4月20日针对截至2012年4月30日财政年每股10仙的11亿2千314万1千普通股，派发中期股息14.5%（每股1.45仙）或相等於1千628万5千544令吉。然而，董事局经过慎重考虑後，决定不提呈建议派发年终股息。因此，截至2012年4月30日的财政年每股淨派息1.45仙，比上一个财政年少了50%。降低派息率是基于本集团的淨利下滑及需要保留资金来扩展业务。

## 前景与展望

董事局认为本集团的纸巾及个人护理产品业务，将持续面对挑战，鉴于马来西亚消费市场的竞争激烈、原产品或原料价格高幅度波动、即将在马来西亚实行的最低薪金制及成本高涨所带来的压力，或许将给本集团的盈利造成影响。

在这种情况之下，本集团将把焦点放在实施严格的成本控制措施来提升生产效率上，同时也研发新的产品并开拓新的市场。本公司将持续探索可行、增效及可赚钱的商务来加强本集团的表现。

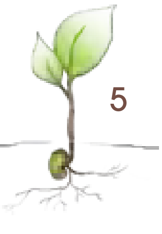
董事局预计，豁免一切预测不到的因素，本集团在截至2013年4月30日的下一个财政年的业绩将会让人感到满意。

## 鸣谢

本人谨此代表董事局向公司管理层及员工们所付出的努力工作与贡献，致予最深切的谢意。本人也要感谢股东、客户、商业伙伴、银行及供应商持续给予的支持与合作。

最後本人期望董事局同僚不断地指导及支持，并待续积极参与未来的董事局会议。

日期：2012年7月31日



Our marketplace continues to undergo a fundamental shift. In the financial year ended 30 April 2012, the inflationary pressures, high volatility of commodity prices and tough economy put considerable pressure on consumers, customers and manufacturers. We too were not spared. Against this backdrop, the Group's Profit Before Taxation contracted by 11.2% despite the Group having recorded a 7% increase in revenue year on year.

## PAPER SEGMENT

The paper division remains as the main pillar and core contributor to the Group's results with revenue of RM358.4 million and Profit Before Taxation of RM52.8 million. This represents an increase in revenue of RM9.2 million over the previous financial year. In terms of profit, the Group reported a 11.9% decrease in Profit Before Taxation over the same reporting period a year ago.

Despite decent volume growth, the overall margins and earnings of tissue paper continued to come under pressure due to relatively flattish average tissue selling price, higher staff costs, high raw material costs, and hikes in electricity and natural gas tariffs. Profit was also affected by the absorption of initial start-up pre-operation cost of the newly acquired paper mill in Bentong, Pahang. Thankfully, the weakening of the pulp and recycled prices in the second half of the financial year under review slightly softened the effect of the overall increase in total cost on the Group's margins of tissue paper products.

Over the last two years, the paper division focused on streamlining its operational efficiencies by engaging in various cost savings projects, and has undertaken a massive infrastructure expansion to cater for the Group's future tissue paper expansion. In 2010, a tissue converting "Plant B" was set up with the aim of segregating the "roll" and "sheet" form of End-Of-Line manufacturing process. Subsequently, additional processing capacity in the form of two converting lines of Toilet Roll with Kitchen Towel Interchangeable Rewinder machines and one unit of JRT machine were brought in to provide better and more consistent quality products, alleviate some of the current capacity constraints and contribute to the Group's earnings growth in the coming years. In doing so, we have also built an additional waste paper warehouse and constructed a brand new sales office cum warehouse in Melaka. We have also ordered one 30 tonne/day paper making machine which is scheduled for commissioning early next year.

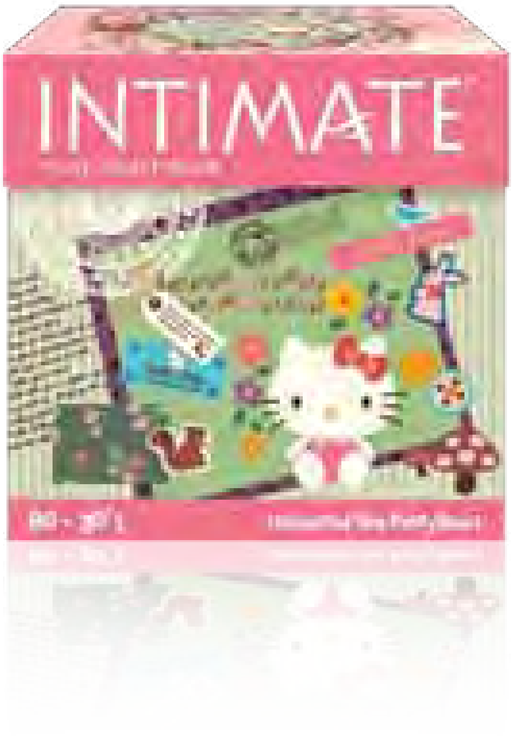
The recent acquisition of the paper mill in Bentong will provide us with a lower-cost access to our customers in Singapore and the southern-central region of Malaysia. The Bentong mill has 2 units of paper making machines with an installed capacity of 30 tonne/day. The strategic location of the Bentong tissue plant will enable us to benefit from the significant freight advantages relative to our competitors. Our strategic location will also allow us to provide better customer service in terms of prompt delivery and replacement of goods.

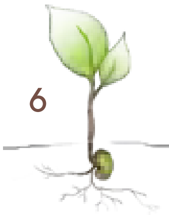
## PERSONAL CARE SEGMENT

For the financial year ended 30 April 2012, the personal care segment recorded revenue of RM91.4 million and Profit Before Taxation of RM6.7 million as compared to its preceding year's revenue of RM71.1 million and Profit Before Taxation of RM7.2 million. Despite of recording higher revenue, Profit Before Taxation has declined slightly mainly due to the increase in raw material prices as well as higher interest charges resulting from the drawdown of term loans during the financial year under review.

The double digit growth in revenue was buoyed by the impressive performance of the baby diapers products. Revenue for baby diapers recorded a 60.0% growth year on year. The success of the personal care segment that comprises sanitary napkins, baby diapers, facial cotton and adult diapers was mainly attributable to the Group's ability in expanding its market share and enhancing its brand image. We managed to achieve this success by providing a concerted marketing support across all key brands through our well planned promotional activities in the retail trade. Also, we continued to maintain close customer contact by listening to them and making comprehensive product improvements in return. For example, last year through the successful innovations and renovations, we improved the absorbent polymers used as the water-absorbing ingredients in manufacturing baby diapers. We have also introduced 'hook-and-loop' closure that results in a much stronger holding power, and rolled out new product features that satisfy more customers.

Drawing on this success, we have ordered one unit of high-end pull-on baby diapers machine costing RM11.0 million. The machine is expected to arrive early next year. More importantly, with this new pull-on baby diapers machine, we would be able to entice more customers to buy them by providing an exciting comprehensive range of baby diapers that would enable us to meet their distinctive needs. As a relatively new player in this product line, we are committed to continuously provide a safe and hygienic environment for child care by constantly offering better quality products.





## FUTURE CHALLENGES & STRATEGY

Over the last two financial years, we experienced unprecedented challenges as a result of volatile and rising commodity prices. Due to rising demand and tight industry capacity, pulp and recyclable paper prices rose from the middle of 2009 through the first half of 2011. However, pulp prices eroded sharply in the fourth quarter of 2011 on weaker demand stemming from economic uncertainty in Europe and credit tightening in China. Furthermore, the volatility of other important commodities such as oil and wheat over the years has been embedded in the supply chain where this in turn has a direct impact on the Group's profitability. As we approach the second half of year 2012, we remain cautious that it is possible in the near term for the markets to anticipate a rebound of pulp prices and move quicker than we expect.

The recent announcement by the government in respect of the minimum wage policy in Malaysia is expected to come in force within the next couple of months. We expect to face higher costs and lower earnings once the minimum wage of RM900 is implemented. We hope that the implementation of the minimum wages would be marginally cushioned by higher top-line volume growth across all product segments although we are not discounting the fact that it may be necessary to pass on the additional cost (which is likely to be embedded across our entire supply chain) to our customers.

On the other hand, we have also taken certain measures such as automation to improve our competitiveness and productivity. We had enjoyed small scale success in our automation projects this year such as the automatic loading of slithered jumbo roll to packed serviette at Serviette Machine No. 12, auto inject printing of batch coding at Echo 1 Machine and multiplying the speed of automated single roll wrapping process at Toilet Roll MQ3 machine. We are currently drawing a pipeline of more automation projects and we will continue to develop strategies to lower our costs. Also, we plan to leverage on the RM110 million fixed assets investments that we have invested over the last three financial years. With the numerous measures we have put in, we strongly believe we have the capacity and capability to implement numerous productivity and efficiency improvements to develop a strong, competitive business with sustainable operating performance in the demanding market.

Date: 31 July 2012

我们的市场不断经历巨大的转变。在截至2012年4月30日的财政年，原料价格高幅度波动及严峻的经济形式，使到消费者、顾客及产商面对相当的压力，我们也不能幸免。在这种情况之下，本集团的收入在这一年裡虽然增加7%，但税前盈利却缩减了11.2%.

## 纸业部

纸业部依然是本集团的主要支柱及业绩的核心贡献者，它贡献了3亿5千840万令吉的收入及5千280万令吉的税前盈利。这意味著其收入比上一个财政年增加了920万令吉。在盈利方面，本集团比上一个财政年减少了11.9%。

儘管销售量提升，但整体的纸巾赚幅及盈利，却因为纸巾产品平均售价没大幅度调整、员工成本提高、原料成本上涨，加上电费及天然气费的上升，而继续面对压力。盈利也因最近收购彭亨文冬纸厂的初期营运成本影响。感到欣慰的是，纸浆及废纸价格在下半个财政年时趋软，缓和本集团在纸巾产品赚幅所面对的整体成本增加的冲击。

纸业部在过去两年裡，通过实行各种降低成本措施，把焦点放在精简营运效率，並进行大规模的基建扩充，以应付本集团在将来扩展纸巾业务的需求。在2010年设立了一座改造纸巾的“B厂”，以在终端生产纸巾过程中把“卷状”与“张状”纸巾分类。为了提高生产能力，我们继而引进了两台厕纸卷及厨巾可互换生产的复卷机，以及一台JRT机器，以制造更佳及连贯的优质产品、缓解现有的生产限制以及在来年给本集团带来收益上的成长。为此，我们也额外兴建一座废纸仓库，並在马六甲设立一座崭新的销售办事处兼仓库。我们也订购了一台每天可生产30吨纸的机器，预料它在明年初可试跑。

最近的文冬纸厂收购将使我们可以以较低的成本打入新加坡及中、南马市场。文冬纸厂拥有两台造纸机器，所设定的产量是每天30吨。文冬纸厂位于优越的地理位置，使我们比起竞争对手来，佔了显著的货运优势。我们优越的地点也使我们能提供较好的服务给顾客，尤其在准时交货及更换产品方面。

HACCP CERTIFIED MANUFACTURER

## 个人护理产品部

在截至2012年4月30日的财政年裡，个人护理产品部取得9千140万令吉收入及670万令吉税前盈利，而上一个财政年的收入是7千110万令吉及税前盈利720万令吉。虽然收入提高了，但税前盈利却稍微下跌，主要是原料价格走高及在现财政年新提取的定期贷款所造成的较高利息。

收入的双位数成长是婴儿纸尿片产品所贡献的。婴儿尿片的收入获得60%的年均复合增长率。本集团个人护理产品，包括卫生棉、婴儿纸尿片、面部棉花及成人纸尿片所取得的成就，主要归功於本集团的扩大市场佔有率，及加强本身品牌的能力。我们在零售方面透过良好策划的促销活动，给予所有主要牌子一致的营销支持，而取得这项成就。我们也与客户保持密切联系，听取他们的意见及加强产品的整体改进作为回馈。例如，我们去年通过创新与改进，成功加强婴儿尿片中属於吸水成分的吸水性聚合物。我们也推介了更具抓力的“钩环”销合，推出令更多客户感到满意的新产品特点。

基於这次的成功，我们耗资1千100万令吉订购一台高科技的套穿婴儿纸尿片机。这台机器预料将可在明年初运抵。更重要的是，有了这台婴儿纸尿片机，我们将能提供全方位的婴儿纸尿片来满足顾客的特别需求，吸引更多人购买它们。由於我们在这种产品上属於新手，因此我们致力於透过更高品质产品来为孩童们提供一个安全与卫生的环境。

## 未来的挑战与对策

在过去的两个财政年裡，由於原料价格的波动与上扬，我们经历了空前的挑战。基於需求量上升与缺货，纸浆及废纸价格从2009年中一直上升至2011上半年。然而，不稳定的欧洲经济，加上中国信贷紧缩，纸浆价格在2011年第4季大幅下跌。此外，其他重要原产品，如石油及小麦价格的波动，这些年来影响著供应链，而直接影响到本集团的盈利。在我们进入2012年的下半年之际，我们仍谨慎行事，市场已经预测纸浆价格将会回弹，並会比我们所预期的来得快。

政府最近宣佈的马来西亚最低薪金制，预料将在未来几个月生效。一旦900令吉最低月薪制政策落实之後，我们预测将面对更高的成本及较低的赚幅。我们希望实行最低薪金制後的冲击，将会因所有产品部门的较高顶线增产量而略为缓和，儘管我们不排将额外成本（将会影响我们的整个供应链）转由顾客承担的可能性。

另一方面，我们也採取一些措施，如透过自动化生产过程提升竞争力与生产力。我们在今年的自动化项目上取得一些小成果，如自动装载巨卷至包装餐巾的第12号制餐巾机、在Echo 1机自动喷墨打印批次编码及在厕纸MQ3机将自动单卷包装速度加快几倍。我们目前准备推行更多的自动化项目，並继续开发降低成本的策略。我们也准备善用在过去3个财政年裡投下的1亿1千万令吉固定资产投资，我们深信有能力落实多项改善生产力及效率的措施，以建立一个强大、具竞争力的企业，在一个高要求的市场上缔造可持续经营的业绩。

日期：2012年7月31日

## DATO' TEOH BOON BENG @ TEOH ENG KUAN

***Non-Independent Non-Executive Chairman***

Dato' Teoh Boon Beng @ Teoh Eng Kuan, a Malaysian, aged 79, a Justice of Peace, was appointed to the Board of Directors of NTPM Holdings Berhad ("NTHB" or "the Company") as the Non-Independent Non-Executive Chairman on 26 April 2000. He obtained the High School Certificate in 1954. He is a businessman with vast experience and knowledge in various business sectors including rice milling and oil palm. Currently, he operates a family owned rice mill. He was the president of Kedah Chinese Chamber of Commerce and Industries (KCCCI) from 2003 to 2007 and currently he is the advisor to the said organisation. He was also the vice-president of Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM) from 2005 to 2007 and currently he is the honorary advisor to the said organisation. He sits on the board of several private limited companies.

He is the uncle of Dr. Teoh Teik Toe, a Non-Independent Non-Executive Director of the Company, and father of Mr. Teoh Teik Lin, an alternate director and a major shareholder of the Company. He has no conflict of interest with the Group and has never been charged for any offence within the past ten years other than traffic offences, if any. He or failing him, his alternate director had attended all five Board of Directors' Meetings held in the financial year ended 30 April 2012.

## LEE SEE JIN

***Managing Director***

Mr. Lee See Jin, a Malaysian, aged 73, 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 subsidiaries of NTHB. He is a founder of the Group and has been in the paper industry for more than 30 years. Over these years, he has gained in-depth experience and knowledge of the paper industry in Malaysia.

He is the father of Mr. Lee Chong Choon, an Executive Director and a major shareholder of the Company. He has no conflict of interest with the Group and has never been charged for any offence within the past ten years other than traffic offences, if any. He attended all five Board of Directors' Meetings held in the financial year ended 30 April 2012.

## LEE CHONG CHOON

***Executive Director***

Mr. Lee Chong Choon, a Malaysian, aged 47, was appointed to the Board of Directors of NTHB on 10 November 1999. He is an Executive Director of NTHB and a Director of all the subsidiaries of NTHB. He holds a Diploma in Civil Engineering from the Singapore Polytechnic. He has extensive experience in process engineering and has provided the NTHB Group with technical manufacturing experience expertise. He was 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.

He is the son of Mr. Lee See Jin, the Managing Director and a major shareholder of the Company. He has no conflict of interest with the Group and has never been charged for any offence within the past ten years other than traffic offences, if any. He attended all five Board of Directors' Meetings held in the financial year ended 30 April 2012.

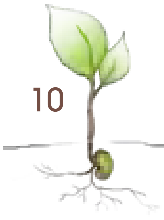
## DR. TEOH TEIK TOE

***Non-Independent Non-Executive Director***

Dr. Teoh Teik Toe, a Malaysian, aged 44, was appointed to the Board of Directors of NTHB on 9 July 2004. He is a Non-Independent Non-Executive Director of NTHB. He is also a member of the Audit Committee of the Company.

He is a member of Association of Chartered and Certified Accountants ("ACCA"), Chartered Institute of Management Accountant ("CIMA") and Chartered Financial Analyst ("CFA"). He was awarded ACCA Overall Top 30 in Singapore and 83 in the World. He is a Chartered Accountant of Malaysia Institute of Accountants, Certified Public Accountant in Singapore, Accredited Tax Professional in Singapore, Certified General Accountant in Canada and Associate Certified Public Accountant in Australia. He graduated from the University of Southern California (US) with a Bachelor of Science in Electrical Engineering (Honours) and later obtained a Master of Science in Computer Engineering from the said University. He has completed Master of Business from The University of New Castle (Australia), Master of Business Administration from University of Southern Queensland (Australia), Master of Accounting and Finance from University of Gloucestershire (UK) and Doctor of Philosophy (PhD) in Computer Engineering from Nanyang Technological University (Singapore). His first job was a Software Engineer in Hewlett Packard, Singapore. He is currently lecturing in several universities.

He is a nephew of Dato' Teoh Boon Beng @ Teoh Eng Kuan, the Non-Executive Chairman and a major shareholder of the Company. He has no conflict of interests with the Group and has never been charged for any offence within the past ten years other than traffic offence, if any. He attended all the five Board of Directors' Meetings held in the financial year ended 30 April 2012.



## LIM HAN NGE

***Senior Independent Non-Executive Director***

Mr. Lim Han Nge, a Malaysian, aged 57, was appointed as the Independent Non-Executive Director of NTHB on 29 January 2003 and was subsequently re-designated as Senior Independent Non-Executive Director on 26 June 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. He is a practicing 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 advisor to several non-governmental organizations in Kedah.

He has no family relationship with other Directors and/or major shareholders of the Company, nor any conflict of interest with the Group and has never been charged for any offence within the past ten years other than traffic offences, if any. He attended all five Board of Directors' Meetings held in the financial year ended 30 April 2012.

## TEOH TEIK LIN

***Alternate Director, Non-Independent Non-Executive Director***

Mr. Teoh Teik Lin, a Malaysian, aged 52, was appointed as Alternate Director to Dato' Teoh Boon Beng @ Teoh Eng Kuan who is the Non-Independent Non-Executive Chairman of the Company on 19 September 2008.

He graduated from University of Toronto, Canada with a Bachelor Degree in Commerce and later obtained a Master Degree in International Business Studies from University of South Carolina, USA. He began his career with a multi-national company and brings him with more than 20 years of experience in senior management role as well as the relevant experience in procurement, development and marketing of wood products. He currently serves on the Board of several private limited companies which are involved in manufacturing and trading of wood-related and interior decoration material products.

He is the son of Dato' Teoh Boon Beng @ Teoh Eng Kuan, the Non-Independent Non-Executive Chairman and also a major shareholder of the Company. He has no conflict of interest with the Group and never been charged for any offence within the past ten years other than traffic offences, if any. In the absence of Dato' Teoh Boon Beng@ Teoh Eng Kuan, he had on behalf of Dato' Teoh attended one Board of Directors' Meeting held in the financial year ended 30 April 2012.

## CHANG KONG FOO

***Independent Non-Executive Director***

Mr. Chang Kong Foo, a Malaysian, aged 59, was appointed as an Independent Non-Executive Director of NTHB on 19 September 2008. He is also the Chairman of the Audit Committee of the Company.

Mr. Chang graduated with a Bachelor in Management Studies from University of Waikato, New Zealand in 1978. He commenced his career with Audit Office in New Zealand for 2 years, was with one of the Big Four accounting firms for a year and a manager with an accounting firm in Butterworth for another 2 years.

Mr. Chang set up his Professional Practices firm in 1982 and received his audit licence in 1983. He is a member of the Malaysian Institute of Accountants, a member of the Certified Tax Institute of Malaysia, and he is also an authorised tax agent licensed under the Income Tax Act 1967. A liquidator since 1999, Mr. Chang Kong Foo is also a Certified Financial Planner (CFP™) since 2003.

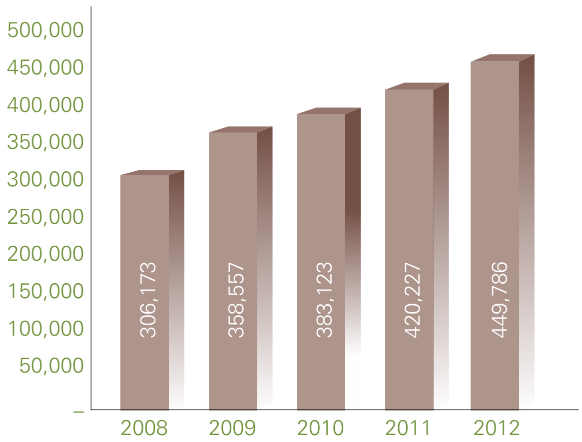
Mr. Chang Kong Foo is the Chief Executive Officer of the Key Focus Group of companies providing a multitude of financial services to clients in the Northern Region of Malaysia. He is the Chairman of CAS International, a network of accounting and consulting firms.

He has no family relationship with other Directors and/or major shareholders of the Company, nor any conflict of interest with the Group and has never been charged for any offense within the past ten years other than traffic offenses, if any. He attended all five Board of Directors' Meetings held in the financial year ended 30 April 2012.

# GROUP FINANCIAL HIGHLIGHTS

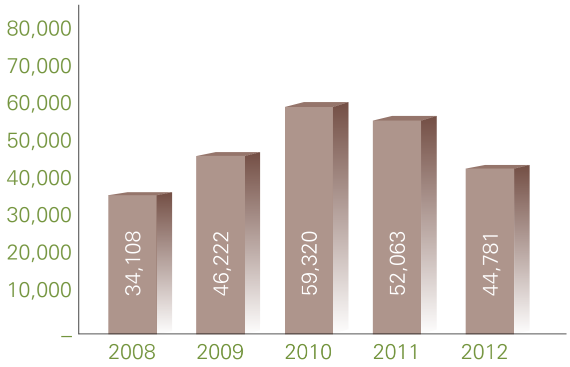
| | 2008<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 |
|---|---|---|---|---|---|
| Revenue | 306,173 | 358,557 | 383,123 | 420,227 | **449,786** |
| Operating Profit | 43,989 | 60,719 | 76,531 | 69,426 | **63,028** |
| Profit Before Tax ("PBT") | 41,618 | 58,677 | 75,445 | 67,126 | **59,540** |
| Net Profit Attributable to Shareholders of the Company | 34,108 | 46,222 | 59,320 | 52,063 | **44,781** |
| Shareholders' Fund / Net Assets | 183,078 | 203,251 | 228,457 | 248,744 | **283,198** |
| Weighted Average No. of Ordinary Shares In Issue ('000) | 624,000 | 1,123,200 | 1,123,193 | 1,123,173 | **1,123,154** |
| Net Assets Per Share (RM) @ | 0.16 | 0.18 | 0.20 | 0.22 | **0.25** |
| Net Dividends | 25,272 | 29,428 | 32,572 | 32,572 | **16,286** |
| Net Dividends Per Share (Sen) @ | 2.25 | 2.62 | 2.90 | 2.90 | **1.45** |
| Earnings Per Share (Sen) @ | 2.95 | 4.12 | 5.29 | 4.64 | **3.99** |
| Dividends Payout Ratio (%) | 74.09 | 63.59 | 54.91 | 62.56 | **36.37** |
| Property, Plant and Equipment and Land Use Rights | 176,904 | 182,318 | 190,612 | 208,260 | **252,186** |
| Borrowings | 40,101 | 44,801 | 37,773 | 76,949 | **100,858** |

@ Computed based on enlarged number of ordinary shares in issue after bonus issue exercise which was completed on 7 April 2009



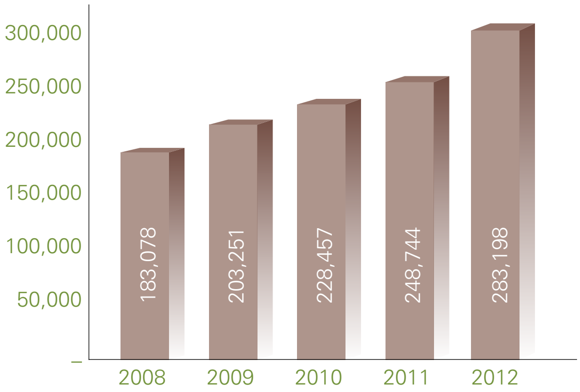
(RM'000)

**Revenue**



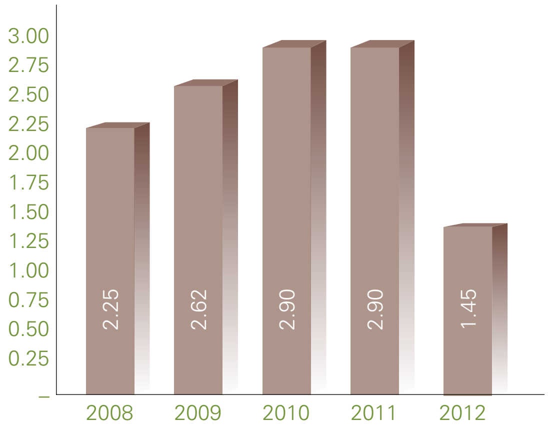
(RM'000)

**Net Profit Attributable to Shareholders of the Company**



(RM'000)

**Shareholders' Fund/Net Assets**



**Net Dividends Per Share (Sen)**

# GROUP STRUCTURE AND ACTIVITIES AS AT 30 APRIL 2012

**NTPM HOLDINGS BERHAD** (384662-U)

**(NTHB)** Investment holding and provision of management services

## MANUFACTURING

### NTPM
**NIBONG TEBAL PAPER MILL SDN. BHD. (22772-A)**
Manufacturing and trading of paper products such as toilet rolls, tissues, serviette and investment holding.

### NTPC
**NIBONG TEBAL PERSONAL CARE SDN. BHD. (228234-U)**
Manufacturing and trading of personal care products such as sanitary products, baby diapers and facial cottons.

### NTPP
**NIBONG TEBAL PAPER PRODUCTS SDN. BHD. (839591-U)**
Undertaking paper product and printing related business and general trading.

### NTT
**NIBONG TEBAL TECHNOLOGY SDN. BHD. (202143-M)**
Undertaking research and development activities on the production technology, biotechnology and recycling of waste materials related to paper industry.

### * NBSB
**NTPM PAPER MILL (BENTONG) SDN. BHD. (943935-U)**
Manufacturing and trading of paper products such as toilet rolls.

## TRADING AND SERVICES

### NTE
**NIBONG TEBAL ENTERPRISE SENDIRIAN BERHAD (95077-H)**
Trading in tissue paper and paper products, and trading in fast moving consumer goods (FMCG).

### NTL
**NIBONG TEBAL LOGISTICS SDN. BHD. (378479-H)**
Provision of logistics services, warehousing and trading in FMCG.

### NTIT
**NIBONG TEBAL IT SDN. BHD. (500077-H)**
Provision of information technology support and services.

## OVERSEAS TRADING

### NSPL
**NTPM (SINGAPORE) PTE. LTD. (198600763K)**
Importers and dealers in all kinds of tissue paper and paper products, and trading in FMCG.

### NTCL
**NTPM (THAILAND) CO., LTD. (0108454720303)**
Importers and dealers in all kinds of tissue paper and paper products, and trading in FMCG.

**Note :** FMCG consist of sanitary napkins, baby diapers, adult diapers and cotton products.
* wholly owned by NTPM (Singapore) Pte Ltd.

As part of our efforts to ensure the Group's sustainable growth, the Board and Management are committed to carry out responsible business practices that impact positively on all our stakeholders that includes our customers, suppliers, employees, community and environment in which we operate. We shall continue to integrate into our business philosophy several initiatives and measures to promote the effective protection of the environment, prudent use of natural resources, create value in the areas of workplace and generously contribute to charitable organizations, non-profit organizations and underprivileged members of societies. Towards this end, the Group always support corporate social responsibility practices which is in line with the corporate social responsibility framework launched by Bursa Malaysia Securities Berhad. In the year under review, the details of our efforts are as follows:

## SUSTAINABLE BUSINESS PRACTICES

Not only have we responded swiftly to the sustainability demands of our supply chain and customers, we have also developed green initiatives within the group to maintain our commitment to environmental stewardship. Our increasing awareness of environmental issues has put green initiatives high on our business agendas. These initiatives broadly are as follows:

- **Investing in more-energy efficient tools and equipment company wide;**
- **Upgrading and consolidating manufacturing technology to eliminate redundancies and improve efficiencies;**
- **Efficient use of resources like water, paper and energy in the plant;**
- **Proper waste management; and**
- **Manufacturing and designing new recyclable paper related products and extracting materials and components for recycling activities.**

We continued our energy conservation initiatives this year by replacing higher horse power ("HP") motors and pumps with lower energy HP motors and pumps through energy audit; replacing old machinery parts with energy efficient accessories; upgrading the existing machines/ equipments to energy efficient versions; installing synchronous timer for the operation of dispersing agent agitator at the paper making machines with auto switch off features during defined idle time; deploying inverter technology for paper making ventilation fans that monitors and adjusts the required temperature whenever needed; relay out segments of the Front-of-Line manufacturing process by eliminating the use of pump by opting for gravity-driven piping of natural sludge flow and installing energy efficient lights for illuminating the workplace. In fact, our new sales office cum warehouse building in Malacca which approximates 40,000 square feet is fully fitted with energy efficient lights.

Through our extensive research and development initiative, we are now collecting pre-consumer baby diapers 'reject' from various sources. Instead of channeling the 'rejects' to waste, a process has been set forth to recover the fiber content which can be used as an input for our tissue production process. We view this as huge opportunity for us to divert this waste stream and recycle it.

In the market place, more than 800,000 of non-woven recycled shopping bags-packed with our eco-friendly tissue products had been distributed to our consumers over the past few years. This is part of our conscious effort to remove and reduce the post-consumption plastic bags littered on streets, where sending them to landfills costs millions each year. We continued to demonstrate our responsibility to the environment to make a positive change this year, by giving away the non-woven recycled shopping bags at our DIAPEX and INTIMATE trade shows and marketing events.

## MAINTAINING A GOOD EMPLOYER-EMPLOYEE RELATION

NTHB contributes financially to a wide range of activities, services and other benefits for its employees. Some of these benefits are mandated and defined by local legislation, while others are provided on a voluntary basis. Those offered voluntarily ranges broadly from supplementary health insurance, food services and transportation to social activities, sports activities and health campaigns.

In-house sports events such as football, badminton, sepak takraw, bowling and carom competitions are organized by NTPM Sports Club annually. These events are aimed at fostering closer ties between employees of the Group and indirectly help to increase the morale and encourage team spirit and cooperation among the employees. In line with the increase of inflation, the budget allocation for employee sports welfare follows an increase of 7% as compared to the previous year's allocation.

The competency of employees in carrying out their daily tasks in a safe and healthy environment is crucial to us where we have a working committee entrusted to monitor the compliance of the health and safety (H&S) standards. Employees' H&S has always been paramount along the way NTHB conducts its business. In 2012, we had made a pledge to commit and improve our H&S to a next level. This will include a combination of upgrading our H&S operational needs and infrastructure; constant education, training and safety workshops to ensure a high level of awareness of safety requirements at all levels; and empowering staffs to continuously improve our H&S systems through lessons learned. Driven by the desire to provide a safe working environment and to be a good corporate citizen, Nibong Tebal Paper Mill Sdn Bhd, a subsidiary of the Group has committed itself to achieve the OHSAS 18001 certification by April 2013.

At NTHB, it is imperative for management to find ways to alleviate the social-economic burden brought by the price hike of essential commodities on our middle-low income group of employees. We can see no reason to increase that burden especially in these rocky economic times. To this end, the renewal of the 7th Memorandum of Collective Agreement ("CA") was concluded in 2011, signed and filed within four months of its inception in a most family-friendly manner spurred by the good faith negotiations between the concerned parties. This is a testament to our pledge of making a difference and putting our worker's minds at ease. At our costs, the recently concluded CA brings the following additional benefits to our employees:

- **Introducing for the first time, meal allowance of RM2 per each day in attendance;**
- **Improving the minimum rate of conversion between 7% to 13% on salary adjustment upon renewal of each CA;**
- **Improving the contracted bonus paid out from 1 month to 3 months depending on the year of service;**
- **Increasing the medical benefits entitlement;**
- **Granting two additional paid public holidays from the existing sixteen days; and**
- **Improvement to other types of allowances such as monthly attendance allowance, call back allowance, shift allowance and etc.**

NTHB is committed to frank, open discussion and dialogue with employee representatives. Good labor relations cannot be brought by legislation. We believe that enlightened labor and enlightened management working together, can accomplish far more by peaceful bargaining than is possible through legislation.

## RELATIONSHIP WITH COMMUNITIES, SCHOOLS AND NON-PROFIT ASSOCIATIONS

The Group takes an active part in community life by nurturing friendly, constructive contacts with public authorities, schools, associations and other local organizations. When appropriate, NTHB participates in their activities, by sharing its expertise or providing financial support. In particular, the Group takes a long-term interest in projects concerning the personal hygiene of school children, education-related projects and a wide range of cultural, sports and charity activities.

One of the best ways to develop good personal hygiene habits is to start teaching teenagers responsible body care at an early age. NTHB organizes and participates in the "Sembang-Sembang Intim' school program for the sixth straight year. This year's campaign covered 26 schools mainly in Penang, Johore and Selangor reaching over 13,000 upper secondary school students. The school children were taught the principles of hygiene that should be made part of daily life. By teaching individuals at an early age can keep them healthy in later life.

In 2011, we collaborated with a local college to organize the PREMIER campaign marketing presentation challenge where a total of 28 students were involved. The program serves to improve the student's innovation, research excellence and presentation skills where these skills will come handy in the future. In the past, we have also worked with University Sains Malaysia to do research, evaluate and perform feasibility studies on some of our on-going 'green' initiative projects.

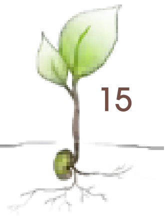
Apart from promoting the importance of hygiene and educational related skills among youths, introducing children to sports is also important. Sports are essential not only for the physical fitness and growth of a child, but also for mental growth. Thus, NTHB has dramatically increased the visibility of sports by playing a major role in the transformation and promotion of basketball at the grassroot level. Inspired by enthusiasm shown by all the team participants in the annual "Premier Cup" Penang Under16 Junior Basketball Championship, NTHB has extended its sponsorship in 2011 to include the Penang Under14 and Under18 basketball tournaments under its "Premier Cup" flagship.

Many students have visited our plant to learn about the manufacturing process of the tissue production, its equipment and production lines. The factory educational visits program takes place every year. NTHB continues its initiative to welcome school and university students to enhance their knowledge on tissue manufacturing process. Last year, eight educational groups totaling 260 students visited our factory premises. Among the participants are students from SMK St Xavier, University Technology MARA Perlis (Arau), SMK Taman Widuri (Sungai Jawi) and University Technology Mara Terengganu (Dungun).

Besides the yearly monetary contribution to various charitable organizations, the Group also provides sponsorship of its own products to campaigns organized by various non-profit charitable associations. Some of the beneficiaries worthy to be mentioned here are the blood donation campaign organized by St. John Ambulance in Malacca, Food and Fun Fair 2011 held at SM Hin Hua in Klang, Good Shepherd Centre nationwide, Sri Murni Crisis Centre in Kota Kinabalu, Penang Adventist Hospital and St. Nicholas Home in Penang.

## INVESTOR RELATIONS

NTHB recognizes the importance of timely and thorough dissemination of accurate and useful information relating to our operations to stakeholders. In doing so, we engage in constant dialogue with our investors and shareholders through Annual General Meeting (AGM) and strictly adheres to the disclosure needs of all the statutory and legislative requirements. Investor relations also include face-to-face meetings involving Managing Director or Chief Executive Officer with the research analysts, fund managers and institutional investors.



# WE
# DELIVER
# SUSTAINABLE
# HYGIENE
# PRACTICES

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") 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 the Company has applied the said principles and best practices.

The Company has applied all the Best Practices relating to the Code with the exception of certain 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.<br>• Based on the current Board size and mix of experience, it has proven that the current Board is effective and thus the need for appointment of Nomination Committee and appraisal of Directors' performance was not required. |
| ii. Appointment of a remuneration committee. | • The remuneration of the Executive Directors is a matter for the Board to deliberate upon as a whole based on market conditions, responsibilities held and the financial performance of the Group. |

## DIRECTORS

### The Board

The Group acknowledges the vital role played by the Board 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.

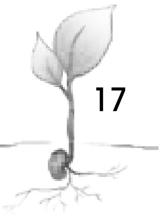
### Board Balance

The Board currently has seven (7) Directors comprising two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors and one (1) Alternate Director. The Board has complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") that at least two (2) directors or 1/3 of the Board, whichever is the higher, are Independent Directors.

The Directors collectively, with their different background and specialization, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, engineering, regulatory and operations which are relevant to the Group. A brief profile of each individual Directors are set out on pages 10 to 11 of this annual report.

There is a clear division of roles and responsibilities between the Chairman (non-executive) and the Managing Director (executive capacity) to ensure there is a balance of power and authority. The Chairman holds a non-executive position and is primarily responsible for matters pertaining to the 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.

**Appointment of Directors and Re-election**

In accordance with the Company's Articles of Association ("Articles"), Directors who are appointed either to fill a casual vacancy or as an addition to the existing Board shall hold office until the conclusion of the next annual general meeting and are subject to re-election by shareholders. The Articles also provide that one-third or the number nearest to one-third of the Board including the Managing Director is subject to re-election at regular intervals and shall retire from office at least once in three years. In this respect Dr. Teoh Teik Toe and Mr. Chang Kong Foo shall be subject to retirement by rotation at this coming Annual General Meeting ("AGM") of the Company.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("Act"). Dato' Teoh Boon Beng @ Teoh Eng Kuan and Mr. Lee See Jin shall be subject to re-appointment as required by the said Section 129(6) of the Act.

As an integral element of the purpose of appointing new Directors, new appointees would be briefed on the Group's business, competitive and regulatory environment in which the Company operates and other changes during meetings with Executive Directors.

Directors are also advised on appointment of their legal and other obligations as a director of a listed company. They are also encouraged to attend training courses at the Company's expense.

**Meetings and Attendance**

During the financial year ended 30 April 2012, five (5) Board Meetings were held. The following is the record of attendance by the Board members:-

| Director | Total Attendance | Percentage (%) |
|---|---|---|
| Dato' Teoh Boon Beng @ Teoh Eng Kuan or by his alternate director, Teoh Teik Lin | 5/5 | 100 |
| Lee See Jin | 5/5 | 100 |
| Lee Chong Choon | 5/5 | 100 |
| Chang Kong Foo | 5/5 | 100 |
| Lim Han Nge | 5/5 | 100 |
| Dr. Teoh Teik Toe | 5/5 | 100 |

**Directors' Training**

All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities") on all directors of listed companies.

Directors are encouraged to attend talks, seminar, workshops, conferences and other training programmes to update themselves on new developments in the business environment.

Description of the type of training(s) attended by the Directors for financial year ended 30 April 2012 are as follows:

| Title of Seminar / Workshops / Courses | Mode of Training | No. of Hours / Days Spent |
|---|---|---|
| **Dato' Teoh Boon Beng @ Teoh Eng Kuan** | | |
| Building Confidence in Capital Market | Seminar | 8 hours |
| **Lee See Jin** | | |
| Establishing and Monitoring Key Performance Indicators (KPI) | Seminar | 8 hours |
| **Lee Chong Choon** | | |
| 30th Federation of Asean Pulp and Paper Industries | Conference | 8 hours |
| Establishing and Monitoring Key Performance Indicators (KPI) | Seminar | 8 hours |
| Tax Planning Land Transactions and Property Development Business | Seminar | 8 hours |
| **Lim Han Nge** | | |
| Building Confidence in Capital Market | Seminar | 8 hours |
| Tax Planning Land Transactions and Property Development Business | Seminar | 8 hours |
| **Dr. Teoh Teik Toe** | | |
| Mastering Recent Tax Cases: Insight to Tax Litigation and Controversies | Seminar | 8 hours |
| **Chang Kong Foo** | | |
| Tax Strategies for Manufacturing Firms | Seminar | 16 hours |
| Tax Planning Land Transactions and Property Development Business | Seminar | 8 hours |
| Building Confidence in Capital Market | Seminar | 8 hours |
| **Teoh Teik Lin** | | |
| Towards Compliance with the Competition Act (CA) 2010 | Seminar | 8 hours |

## DIRECTORS' REMUNERATION

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

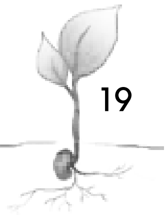
The Non-Executive Directors' remuneration comprises fees and allowances. Determination of the said remuneration is balanced with their expected roles and responsibilities including any additional work and contribution required.

A summary of the remuneration of the Directors in the Company for the financial year ended 30 April 2012 is analysed as follows:

| | Annual Fees RM | Salaries & Bonuses RM | Benefit-in Kind RM | Allowance RM | Total RM |
|---|---|---|---|---|---|
| **Executive Directors** | 120,000 | 2,052,997 | 46,546 | Nil | 2,219,543 |
| **Non-Executive Directors** | 240,000 | Nil | Nil | 10,000 | 250,000 |

| | **Number of Directors** | |
|---|---|---|
| **Range of Remuneration** | **Executive** | **Non-Executive** |
| **RM50,000 and below** | – | 1 |
| **RM50,001 and RM100,000** | – | 4 |
| **RM550,001 – RM600,000** | 1 | – |
| **RM1,650,001 – RM1,700,000** | 1 | – |

The Board has considered the Best Practices 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.



## SHAREHOLDERS

### Dialogue between companies and investors

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 Company maintains a website at **www.ntpm.com.my** to facilitate access on pertinent information concerning the Group and its operations by the shareholders, consumers and public.

### The Annual General Meeting

The 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. An Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

## 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.

The Audit Committee ("AC") assists the Board in ensuring the accuracy, adequacy and completeness of the financial information to be disclosed. The financial reports would be reviewed by the AC prior to tabling them to the Board of Directors for approval and subsequent release to the Bursa Securities.

### Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. An Internal Audit Department has been established to assist the AC to ensure a sound system of internal control and risk management is implemented enterprise-wide. The Statement on Internal Control furnished on page 26 of the annual report provides an overview of the state on internal controls within the Group.

### Relationship with External Auditors

The AC maintains an appropriate relationship with the Group's external auditors. The roles, authority and responsibilities of the AC are presented in the report set out on pages 22 to 25 of this annual report.

During the financial year ended 30 April 2012, the AC held dialogue sessions with the external auditors on 23 September 2011 and 16 March 2012 in compliance with the Best Practices of the Code.

The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the relevant accounting standards.

**Internal Audit Function**

The Group has an in-house Internal Audit Department (IAD), whose internal audit function is independent of the Group's business activities, operating entities and divisions. Its principal activities undertakes regular and systematic audit of the Group's operating entities and divisions, reviewing and testing the system of internal controls including enterprise risk management and governance processes so as to provide independent and objective assurance that such systems are effective and are operating satisfactorily.

The IAD operation is guided by Audit Charter which was approved by the AC. Audit engagement is focused on areas of priority according to their annual risk assessment and in accordance with the annual strategic audit plans approved by the AC.

The major duties and responsibilities undertaken by IAD include:

- review and appraise the soundness and adequacy of internal control;
- ascertain the extent of compliance with internal policies, procedures and standard;
- identify opportunities for process and internal control improvement;
- coordinate enterprise risk management activities;
- review compliance with applicable rules and regulation; and
- carry out special ad-hoc audit at Audit Committee and/or Management's request.

During the financial year, the IAD has issued 23 audit reports to AC and management in regards to any major audit finding on the weaknesses in the system and controls of the operation.

The cost of the IAD in respect of the financial year ended 30 April 2012 is approximately RM177,645.

**Compliance with the Best Practices of the Code**

Save for the exceptions set out above, the Group is in substantial compliance throughout the financial year with the Principles and Best Practices of the Code.

This statement is made in accordance with a resolution of the Board of Directors dated 22 June 2012.

**Composition**

The present composition of the AC consists of three members of the Board of Directors, the majority of whom are independent. The members are as follows:-

| | |
|---|---|
| **Chairman** | **Chang Kong Foo**<br>*Independent Non-Executive Director* |
| **Members** | **Lim Han Nge**<br>*Senior Independent Non-Executive Director*<br>**Dr. Teoh Teik Toe**<br>*Non-Independent Non-Executive Director* |

The Chairman of the AC is a member of the Malaysian Institute of Accountants ("MIA") in accordance with the Listing Requirements.

**Summary of the Terms of Reference**

The primary objectives of the AC are to assist the Board of NTHB in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries. In addition, the AC shall:

(a) evaluate the quality of the audits performed by the internal and external auditors;

(b) provide assurance that the financial information presented by management is relevant, reliable and timely;

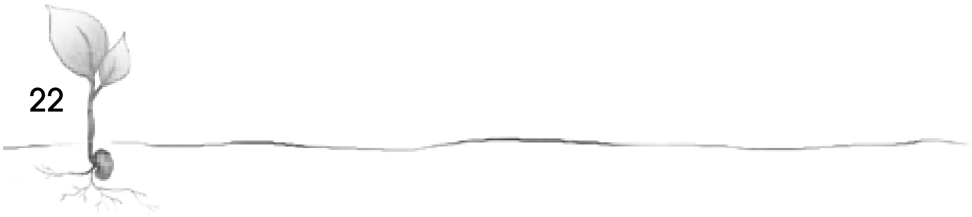
(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

(d) determine the quality, adequacy and effectiveness of the Group's control environment and quality of the audits.

**Functions**

The duties of the AC are as follows:

- To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
- To discuss with the external auditors before the audit commences the nature and scope of the audit and to ensure co-ordination where more than one audit firm is involved;
- To review with the external auditors their evaluation of the system of internal controls and their audit report;
- To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
    - any changes in accounting policies and practices;
    - significant adjustments resulting from the audit;
    - the going concern assumption; and
    - compliance with accounting standards and legal requirements.
- to discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management, where necessary);
- to review the external auditors' management letter and management's response;



### Functions (cont'd)

- to do the following, in relation to the internal audit function:

  - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

- To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

- To report its findings on the financial and management performance, and other material matters to the Board;

- To consider the major findings of internal investigations and management's response;

- To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

- To monitor the foreign currency transactions and determine and review the policies associated to each transaction annually; and

- To consider any other functions as may be agreed between the AC and the Board.

### Authority

The AC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the AC;

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;

(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity; and

(e) where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the AC shall promptly report such matter to Bursa Securities.

**Meetings**

The AC shall hold at least four regular meetings per year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. The quorum for the AC meeting shall be the majority of members present whom must be independent directors.

Upon the request of the external auditors, the Chairman of the AC shall convene a meeting of the AC to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

Notice of AC meetings shall be given to all the AC members unless the AC waives such requirement. The Chairman of the AC shall engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote. The Company Secretary shall be the secretary of the AC.

The AC met four times during the financial year ended 30 April 2012 and all the AC members attended all the four meetings. The other Directors who are not AC members, Financial Controller, internal auditors, external auditors and external advisors, upon invitation of the AC, attended the AC meetings to assist in its deliberations.

**Activities of the AC during the financial year ended 30 April 2012**

During the financial year ended 30 April 2012, the AC carried out the following activities in discharging its functions and duties in accordance with the terms of reference of the AC:

- reviewed the unaudited interim financial results of the Group before recommending to the Board for approval;
- reviewed the audited annual financial statements of the Company and the Group before recommending to the Board for approval;
- ensured compliance to the Listing Requirements, applicable accounting standards in Malaysia, provisions of the Companies Act, 1965 and other legal and regulatory requirements;
- reviewed the internal audit plan to ensure key risk areas were covered;
- reviewed the reports from the internal auditors to assess the state of the internal control system of the Group and to ensure that corrective actions were taken by management on audit findings;
- reviewed the statement of internal control;
- reviewed the related party transactions;
- reviewed the foreign currency transactions of the Group;
- reviewed the risks' rating and controls of the updated risk registers prepared by the respective Risk Management Units' heads;
- reviewed with the External Auditors, their audit planning memorandum, audit approach and reporting requirements prior to the commencement of audit work;
- reviewed with the External Auditors, their audit findings and management letter together with the management response and approved for adoption their recommendations;
- reviewed the re-appointment and audit fees of the external auditors for the ensuing year;
- conducted an exit interview with the resigning Internal Auditor to ascertain his reason for resigning; and
- approved the appointment of the new Internal Auditor and took cognizance of the appointment of staff members of the internal audit department.

**Reports/Minutes**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The AC Chairman will report to the Board after each AC meeting.

The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

**Internal Audit Department**

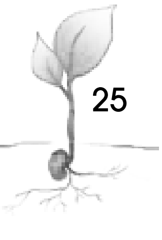
The Board has established an Internal Audit Department ("IAD") to review the adequacy and integrity of its system of internal control on 19 December 2003.

The major role of IAD is to assist the AC in discharging its duties and responsibilities and provide independent and reasonable assurance that the systems of internal controls are adequate and effective. It assists the Group in accomplishing its objective by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the financial year 2012, IAD had regularly conducted audits in the areas of risk management, credit control, procurement and finished goods inventory. The risk-based audits were carried based on the selected risks which had been identified during the enterprise risk management ("ERM") assessment through verifying the compliance of the controls in each Risk Management Units ("RMU").

In addition, IAD also assisted and coordinated in the process of risk management such as coordinating the review of all risks and controls which were previously assessed by a professional firm in September 2003 as well as identifying new risks and controls relevant to the Group's operations. The risks management reports were then presented to the AC by the relevant RMU heads during the quarterly meeting on a rotational basis.

This statement is made in accordance with the resolution of the Board of Directors dated 22 June 2012.



# STATEMENT ON INTERNAL CONTROL

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, organizational, operational and compliance control.

The Board relies largely on the close involvement of the Executive Directors of the Group in the daily operations. There are periodic reviews of operational performance at management meetings.

The Board also recognizes the need for continuous improvement in its system of internal control as an effective system of internal control is necessary to safeguard shareholders' investments and an important part of managing risks.

The key process of the internal control functions is inculcated within the various procedures and includes the following:

- The Board reviews quarterly reports from management on the key operating performance, legal, environmental and regulatory matters. Financial performance is also deliberated at the Board meetings.

- Executive members of the Board have day-to-day involvement in all aspects of the business and deliberates on business, financial and operating issues which include reviewing and approving all key business strategic measures and policies.

- An enterprise risk management framework has been established and the Risk Management Committee ("RMC") has been formed to ensure that the risk management structure is embedded and consistently applied in the Group. The RMC will regularly review the principal risks faced by the Group and the status of management actions.

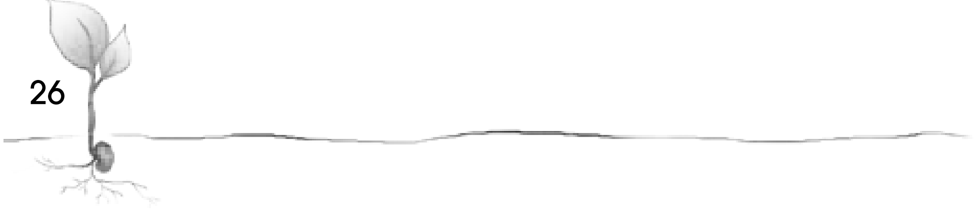
- The Managing Director heads the RMC and the risk register was reviewed and updated in December 2011.

- An Internal Audit function has been established to assist the AC in discharging their duties and responsibilities.

- The Group has a clear organization structure and well-defined lines of responsibility which provide a sound framework of authority and approving limits within the organization and to facilitate quality and timely corporate decisions.

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

This statement is made in accordance with a resolution of the Board of Directors dated 22 June 2012.



# OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

## UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate exercise during the financial year.

## SHARE BUY-BACK

The details of the Company's share buy-back exercises for the financial year ended 30 April 2012 are as follows:

| Monthly Breakdown | No. of Shares purchased/ (Re-sold) | Purchase Price Per Share | | Average Price Per Share (RM) | Purchase Cost (RM) | Transaction Cost (RM) | Total Amount (RM) |
|---|---|---|---|---|---|---|---|
| | | Lowest (RM) | Highest (RM) | | | | |
| *Share Buy-back* | | | | | | | |
| September 2011 | 10,000 | 0.515 | 0.515 | 0.515 | 5,150 | 47 | 5,197 |
| March 2012 | 10,000 | 0.520 | 0.520 | 0.520 | 5,200 | 48 | 5,248 |
| Total | 20,000 | 0.518 | 0.518 | 0.518 | 10,350 | 95 | 10,445 |

During the financial year, a total of 20,000 shares were purchased by the Company and retained as treasury shares. As at 30 April 2012, the total treasury shares held by the Company was 59,000 ordinary shares. None of the treasury shares were resold or cancelled during the financial year.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

## DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

## IMPOSITION OF SANCTIONS AND PENALTIES

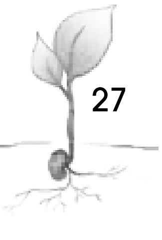
There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year other than those disclosed in Note 10 and 19 to the financial statement.

## NON-AUDIT FEES

During the financial year 2012, non-audit fees of RM28,579 were paid to the Group's external auditors as professional fees paid to them as tax agent.

## VARIATION IN RESULTS

There were no material variations between the audited results and the un-audited results for the financial year ended 30 April 2012.



# OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

## PROFIT ESTIMATES, FORECAST AND PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 30 April 2012.

## PROFIT GUARANTEE

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

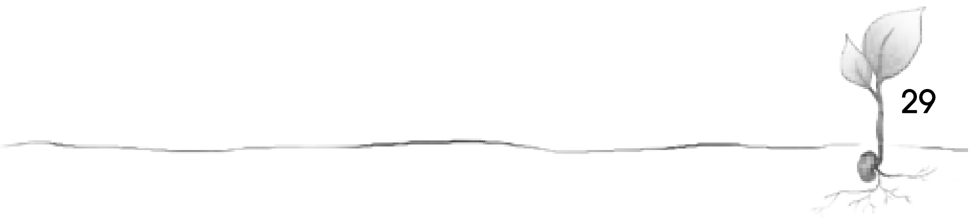
## MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Other than those related party transactions disclosed in Note 29 to the financial statements, there were no material contracts outside the ordinary course of business, including contract relating to loan, entered into by the Company and/or its subsidiaries involving Directors and major shareholders that are still subsisting at the end of the financial year or which were entered into since the end of the previous financial year.

# STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Board is 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 as at the end of the financial year and of the results and cash flows of the Group for the financial year.

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 30 April 2012, the Group has used the appropriate accounting policies and consistently applied and supported by reasonable prudent judgment and estimates and that measures have been taken to ensure that accounting records are properly kept in accordance with the law.



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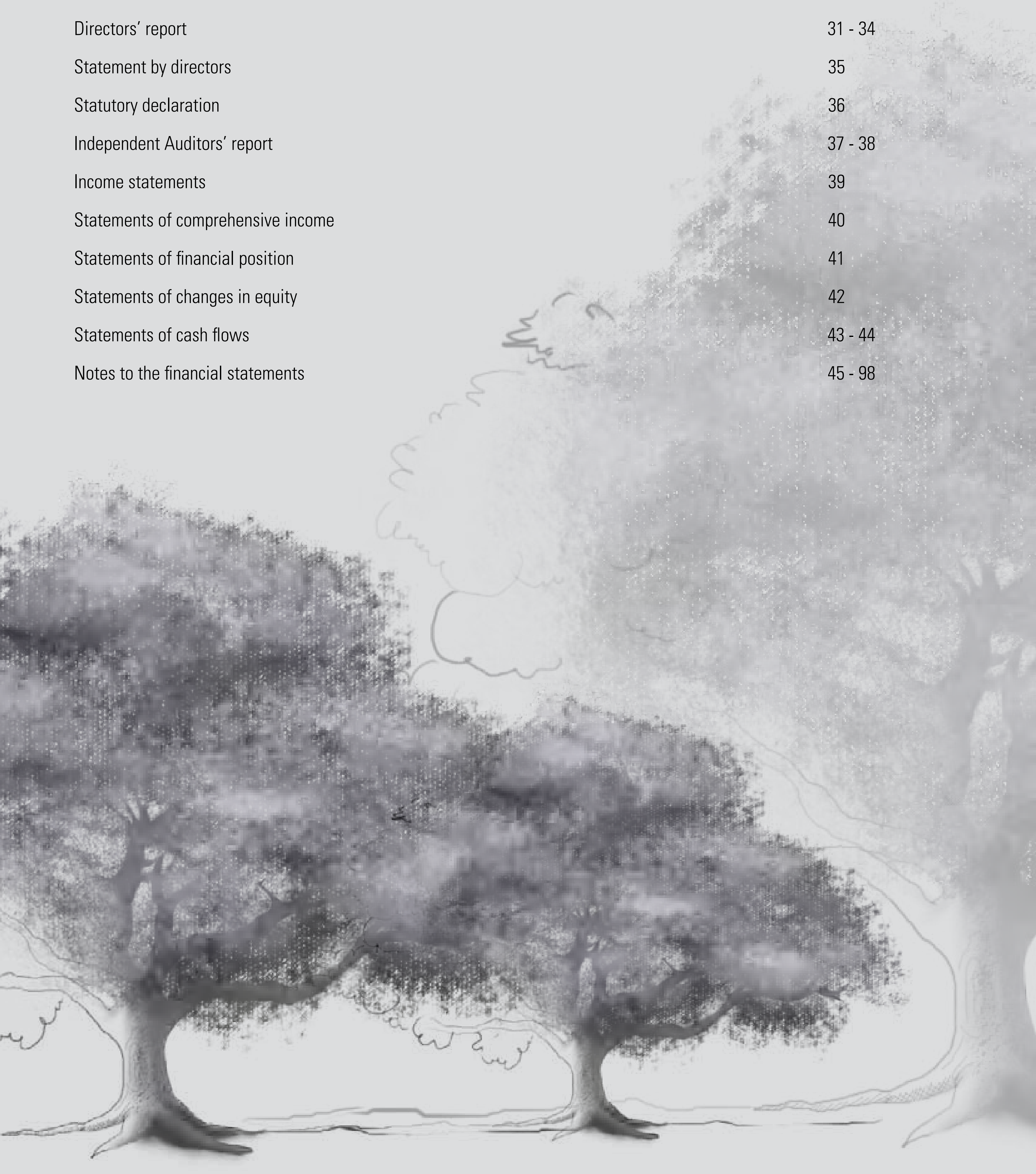


The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2012.

## 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 14 to the financial statements.

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

## RESULTS

| | Group<br>RM | Company<br>RM |
|---|---:|---:|
| Profit net of tax | 44,780,641 | 18,240,330 |

There were no material transfers to or from reserves or provisions during the financial year.

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 2011 were as follows:

| | RM |
|---|---:|
| In respect of the financial year ended 30 April 2011 as reported in the directors' report of that year: | |
| Single tier final dividend of 14.5% on 1,123,151,000 ordinary shares of RM0.10 each approved on 23 September 2011 and paid on 18 October 2011 | 16,285,690 |
| In respect of the financial year ended 30 April 2012: | |
| Single tier interim dividend of 14.5% on 1,123,141,000 ordinary shares of RM0.10 each declared on 16 March 2012 and paid on 20 April 2012 | 16,285,544 |

The directors do not recommend the payment of final dividend in respect of the financial year ended 30 April 2012.

## 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:

Dato' Teoh Boon Beng @ Teoh Eng Kuan
Lee See Jin
Lee Chong Choon
Dr. Teoh Teik Toe*
Lim Han Nge*
Chang Kong Foo*
Teoh Teik Lin *(alternate director to Dato' Teoh Boon Beng @ Teoh Eng Kuan)*

* Being a member of the 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 the 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, except as disclosed in Note 29 to the financial statements.

## DIRECTORS' INTERESTS

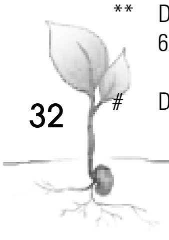
According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

| | **Number of ordinary shares of RM0.10 each** | | | |
|---|---|---|---|---|
| | **1 May 2011** | **Bought** | **Sold** | **30 April 2012** |
| **THE COMPANY** | | | | |
| **Direct** | | | | |
| Dato' Teoh Boon Beng @ Teoh Eng Kuan | 18,737,100 | – | – | 18,737,100 |
| Lee See Jin | 333,545,949 | – | – | 333,545,949 |
| Lee Chong Choon | 132,111,197 | – | – | 132,111,197 |
| Dr. Teoh Teik Toe | 7,430,400 | – | – | 7,430,400 |
| Teoh Teik Lin | 66,887,278 | – | – | 66,887,278 |
| **Indirect** | | | | |
| **Interest of Spouse/Children of the Directors*** | | | | |
| Dato' Teoh Boon Beng @ Teoh Eng Kuan | 116,027,292 | – | – | 116,027,292 |
| Lee See Jin | 138,469,382 | – | – | 138,469,382 |
| Chang Kong Foo | 180,000 | 100,000 | – | 280,000 |
| **Deemed interest of Directors** | | | | |
| Dato' Teoh Boon Beng @ Teoh Eng Kuan ** | 63,583,922 | 1,728,000 | – | 65,311,922 |
| Teoh Teik Lin # | 51,751,922 | 620,000 | – | 52,371,922 |

* Disclosure pursuant to Section 134 (12) (c) of the Companies Act 1965.

** Deemed interested by virtue of his shareholdings in Kota Beras Sendirian Berhad and Teoh Peng Heong & Sons Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965.

# Deemed interested by virtue of his shareholdings in Kota Beras Sendirian Berhad pursuant to Section 6A of the Companies Act, 1965.



Dato' Teoh Boon Beng @ Teoh Eng Kuan and Lee See Jin, by virtue of their interests in shares in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

## TREASURY SHARES

During the financial year, the Company had repurchased a total of 20,000 ordinary shares of RM0.10 each of its issued share capital from the open market for a total consideration (inclusive of commission, stamp duty and other charges) of RM10,445 at an average cost of RM0.5223 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965.

As at 30 April 2012, the Company held as treasury shares a total of 59,000 of its 1,123,200,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM33,301 and further relevant details are disclosed in Note 25 to the financial statements.

## OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position 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 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. The directors also 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; 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) 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 nor are they aware of any circumstances which would render 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 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.

(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.

## SIGNIFICANT AND SUBSEQUENT EVENTS

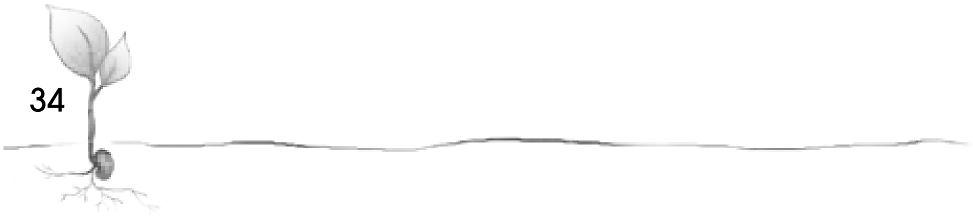
Details of the significant and subsequent events are disclosed in Note 35 to the financial statements.

## 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 dated 31 July 2012.

**Lee See Jin** **Lee Chong Choon**



# 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 39 to 97 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2012 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 37 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2012.

**Lee See Jin**

**Lee Chong Choon**

# STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, David Khoo Chong Beng, 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 39 to 98 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 David Khoo Chong Beng
at Georgetown in the State of Penang on 31July 2012:

**David Khoo Chong Beng**

Before me,

Chan Kam Chee
No: P.120
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NTPM HOLDINGS BERHAD

**Report on the financial statements**

We have audited the financial statements of NTPM Holdings Berhad., which comprise the statements of financial position as at 30 April 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 97.

***Directors' responsibility for the financial statements***

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2012 and of their financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) 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.

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

**Other matters**

The supplementary information set out in Note 37 on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**
AF: 0039
Chartered Accountants

**Lim Eng Huat**
No. 2403/04/13(J)
Chartered Accountant

Penang, Malaysia
31 July 2012

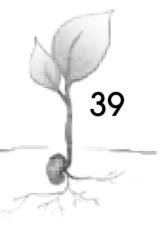
# INCOME STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2012** | **2011** | **2012** | **2011** |
| | | **RM** | **RM** | **RM** | **RM** |
| **Revenue** | 4 | **449,786,392** | 420,227,030 | **22,614,594** | 37,096,530 |
| Other operating income | 5 | **1,691,565** | 1,331,437 | **3,604,453** | 3,424,268 |
| Advertising and promotional expenses | | **(9,225,856)** | (10,282,153) | **(498)** | (1,597) |
| Changes in inventories of finished goods and work-in-progress | | **(6,246,164)** | 6,178,424 | **–** | – |
| Depreciation | | **(22,132,432)** | (20,727,124) | **(146,892)** | (92,632) |
| Employee benefits expense | 6 | **(69,902,068)** | (63,207,569) | **(5,848,976)** | (5,508,124) |
| Management fees | | **–** | – | **(92,139)** | (93,617) |
| Purchase of trading inventories | | **(12,690,203)** | (13,174,845) | **–** | – |
| Raw materials and consumables used | | **(185,045,761)** | (175,582,680) | **–** | – |
| Repairs and maintenance | | **(13,088,885)** | (12,246,746) | **(195,464)** | (173,330) |
| Sundry wages | | **(2,766,640)** | (1,974,481) | **(367)** | (20) |
| Transportation and freight charges | | **(22,659,801)** | (21,177,393) | **–** | – |
| Utilities costs | | **(28,161,177)** | (24,654,303) | **(25,313)** | (27,761) |
| Other operating expenses | 8 | **(16,530,772)** | (15,283,199) | **(745,879)** | (866,415) |
| **Operating profit** | | **63,028,198** | 69,426,398 | **19,163,519** | 33,757,302 |
| Finance costs | 9 | **(3,487,848)** | (2,300,197) | **(339)** | – |
| **Profit before tax** | | **59,540,350** | 67,126,201 | **19,163,180** | 33,757,302 |
| Income tax expense | 10 | **(14,759,709)** | (15,063,523) | **(922,850)** | (1,173,189) |
| **Profit net of tax** | | **44,780,641** | 52,062,678 | **18,240,330** | 32,584,113 |

**Earnings per share attributable to owners of the parent (sen):**

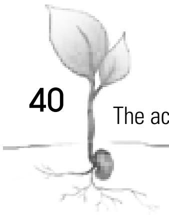
| | | | |
|---|---|---|---|
| Basic | 11 | 3.99 | 4.64 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

| | Group | | Company | |
|---|---:|---:|---:|---:|
| | 2012<br>RM | 2011<br>RM | 2012<br>RM | 2011<br>RM |
| **Profit net of tax** | **44,780,641** | 52,062,678 | **18,240,330** | 32,584,113 |
| **Other comprehensive income:** | | | | |
| Foreign currency translation | **119,806** | 369,023 | **–** | – |
| Net fair value changes on cash flow hedges | **–** | 1,540,414 | **–** | – |
| Revaluation of land and buildings | **22,135,136** | – | **–** | – |
| **Other comprehensive income for the year net of tax** | **22,254,942** | 1,909,437 | **–** | – |
| **Total comprehensive income for the year** | **67,035,583** | 53,972,115 | **18,240,330** | 32,584,113 |

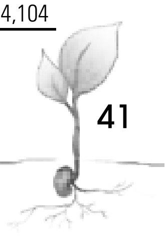


The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION
# AS AT 30 APRIL 2012

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2012** | **2011** | **2012** | **2011** |
| | | **RM** | **RM** | **RM** | **RM** |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 12 | **246,848,277** | 207,526,799 | **853,814** | 362,523 |
| Land use rights | 13 | **5,337,731** | 732,936 | **–** | – |
| Investments in subsidiaries | 14 | **–** | – | **20,216,543** | 20,216,543 |
| Other investments | 15 | **–** | – | **–** | – |
| Deferred tax assets | 16 | **291,539** | 565,511 | **15,764** | 14,085 |
| | | **252,477,547** | 208,825,246 | **21,086,121** | 20,593,151 |
| **Current assets** | | | | | |
| Inventories | 17 | **92,545,045** | 86,684,763 | **–** | – |
| Trade and other receivables | 18 | **91,057,688** | 73,665,537 | **101,042,810** | 118,263,712 |
| Tax recoverable | 19 | **2,622,485** | 4,232,496 | **457,280** | – |
| Derivative assets | 20 | **241,323** | 101,388 | **–** | – |
| Cash and bank balances | 21 | **25,044,868** | 26,915,281 | **599,922** | 97,241 |
| | | **211,511,409** | 191,599,465 | **102,100,012** | 118,360,953 |
| **Total assets** | | **463,988,956** | 400,424,711 | **123,186,133** | 138,954,104 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Loans and borrowings | 22 | **65,690,778** | 67,949,495 | **–** | – |
| Retirement benefit obligations | 23 | **46,240** | 36,007 | **–** | – |
| Trade and other payables | 24 | **57,784,566** | 54,319,704 | **3,404,251** | 4,321,020 |
| Tax payable | | **936,652** | 1,164,453 | **–** | 509,853 |
| | | **124,458,236** | 123,469,659 | **3,404,251** | 4,830,873 |
| **Net current assets** | | **87,053,173** | 68,129,806 | **98,695,761** | 113,530,080 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 22 | **35,167,068** | 9,000,000 | **–** | – |
| Deferred tax liabilities | 16 | **20,060,645** | 18,217,463 | **–** | – |
| Retirement benefit obligations | 23 | **1,105,471** | 993,957 | **–** | – |
| | | **56,333,184** | 28,211,420 | **–** | – |
| **Total liabilities** | | **180,791,420** | 151,681,079 | **3,404,251** | 4,830,873 |
| **Net assets** | | **283,197,536** | 248,743,632 | **119,781,882** | 134,123,231 |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 25 | **112,320,000** | 112,320,000 | **112,320,000** | 112,320,000 |
| Treasury shares | 25 | **(33,301)** | (22,856) | **(33,301)** | (22,856) |
| Other reserves | 26 | **42,641,335** | 20,386,393 | **–** | – |
| Retained profits | 27 | **128,269,502** | 116,060,095 | **7,495,183** | 21,826,087 |
| **Total equity** | | **283,197,536** | 248,743,632 | **119,781,882** | 134,123,231 |
| **Total equity and liabilities** | | **463,988,956** | 400,424,711 | **123,186,133** | 138,954,104 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

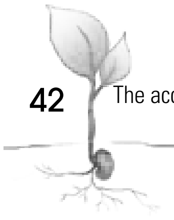


# STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

| GROUP | Note | Share capital RM | Treasury shares RM | Non-distributable Other reserves RM | Retained profits RM | Total RM |
|---|---|---|---|---|---|---|
| **At 1 May 2011** | | 112,320,000 | (22,856) | 20,386,393 | 116,060,095 | 248,743,632 |
| **Total comprehensive income** | | – | – | 22,254,942 | 44,780,641 | 67,035,583 |
| **Transactions with owners** | | | | | | |
| Purchase of treasury shares | 25 | – | (10,445) | – | – | (10,445) |
| Dividends - equity holders | 28 | – | – | – | (32,571,234) | (32,571,234) |
| Total transactions with owners | | – | (10,445) | – | (32,571,234) | (32,581,679) |
| **At 30 April 2012** | | 112,320,000 | (33,301) | 42,641,335 | 128,269,502 | 283,197,536 |

| GROUP | Note | Share capital RM | Treasury shares RM | Non-distributable Other reserves RM | Retained profits RM | Total RM |
|---|---|---|---|---|---|---|
| **At 1 May 2010** | | 112,320,000 | (11,360) | 20,017,370 | 96,131,028 | 228,457,038 |
| Effects of adopting FRS139 | | – | – | (1,540,414) | 438,203 | (1,102,211) |
| | | 112,320,000 | (11,360) | 18,476,956 | 96,569,231 | 227,354,827 |
| **Total comprehensive income** | | – | – | 1,909,437 | 52,062,678 | 53,972,115 |
| **Transactions with owners** | | | | | | |
| Purchase of treasury shares | 25 | – | (11,496) | – | – | (11,496) |
| Dividends - equity holders | 28 | – | – | – | (32,571,814) | (32,571,814) |
| Total transactions with owners | | 112,320,000 | (11,496) | – | (32,571,814) | (32,583,310) |
| **At 30 April 2011** | | 112,320,000 | (22,856) | 20,386,393 | 116,060,095 | 248,743,632 |

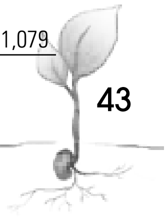
| COMPANY | Note | Share capital RM | Treasury shares RM | Distributable Retained profits RM | Total RM |
|---|---|---|---|---|---|
| **At 1 May 2011** | | 112,320,000 | (22,856) | 21,826,087 | 134,123,231 |
| **Total comprehensive income** | | – | – | 18,240,330 | 18,240,330 |
| **Transactions with owners** | | | | | |
| Purchase of treasury shares | 25 | – | (10,445) | – | (10,445) |
| Dividends | 28 | – | – | (32,571,234) | (32,571,234) |
| Total transactions with owners | | – | (10,445) | (32,571,234) | (32,581,679) |
| **At 30 April 2012** | | 112,320,000 | (33,301) | 7,495,183 | 119,781,882 |
| **At 1 May 2010** | | 112,320,000 | (11,360) | 21,813,788 | 134,122,428 |
| **Total comprehensive income** | | – | – | 32,584,113 | 32,584,113 |
| **Transactions with owners** | | | | | |
| Purchase of treasury shares | 25 | – | (11,496) | – | (11,496) |
| Dividends | 28 | – | – | (32,571,814) | (32,571,814) |
| Total transactions with owners | | – | (11,496) | (32,571,814) | (32,583,310) |
| **At 30 April 2011** | | 112,320,000 | (22,856) | 21,826,087 | 134,123,231 |



The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2012

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| **Operating activities** | | | | |
| Profit before tax | 59,540,350 | 67,126,201 | 19,163,180 | 33,757,302 |
| Adjustments for: | | | | |
| Amortisation of land use rights | 20,205 | 20,205 | – | – |
| Bad debts written off | 65,786 | 77,467 | – | – |
| Depreciation | 22,132,432 | 20,727,124 | 146,892 | 92,632 |
| Dividend income | | – | (16,100,000) | (29,700,000) |
| Effect of exchange rate changes | 90,767 | 340,513 | – | – |
| Reversal of deficit on revaluation previously charged to income statement | (49,108) | – | – | – |
| Interest expense | 3,487,848 | 2,300,197 | 339 | – |
| Interest income | (281,591) | (112,789) | (3,604,453) | (3,424,268) |
| (Gain)/loss on disposal of property, plant and equipment | (3,258) | 184,959 | – | – |
| Net fair value (gain)/losses on derivatives | (139,935) | 449,170 | – | – |
| Plant and equipment written off | 78,205 | 41,858 | – | – |
| Increase in liability for defined benefit plan | 322,471 | 259,342 | – | – |
| Charge for the year/ (reversal of impairment losses) on trade receivables | 78,526 | (25,357) | – | – |
| Inventories written (back)/down | (120,431) | 15,471 | – | – |
| Reversal of provision for legal liabilities | – | (600,000) | – | – |
| Short term accumulating compensated absences | (5,951) | 6,849 | – | – |
| Unrealised foreign exchange gain | (237,907) | (86,202) | (3,521) | (5,060) |
| Total adjustments | 25,438,059 | 23,598,807 | (19,560,743) | (33,036,696) |
| **Operating cash flows before changes in working capital** | 84,978,409 | 90,725,008 | (397,563) | 720,606 |
| Changes in working capital | | | | |
| (Increase)/decrease in receivables | (17,686,115) | (8,184,928) | 7,232,562 | 262,139 |
| Increase in inventories | (5,739,851) | (17,872,211) | – | – |
| Increase in payables | 3,510,788 | 4,361,136 | 15,752 | 206,698 |
| Decrease in debtors | – | – | (35,330) | – |
| Decrease in retirement benefit obligations | (200,724) | (127,238) | – | – |
| Total changes in working capital | (20,115,902) | (21,823,241) | 7,212,984 | 468,837 |
| **Cash flows from operations** | 64,862,507 | 68,901,767 | 6,815,421 | 1,189,443 |
| Interest paid | (3,487,848) | (2,300,197) | (339) | – |
| Tax paid | (16,971,735) | (19,350,499) | (1,891,662) | (321,758) |
| Tax refunded | 3,221,278 | – | – | – |
| **Net cash flows from operating activities** | 47,624,202 | 47,251,071 | 4,923,420 | 867,685 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment (Note A) | (36,922,242) | (38,777,712) | (638,183) | (10,672) |
| Dividends received | – | – | 16,100,000 | 16,300,000 |
| Interest received | 281,591 | 112,789 | 2,450 | 734 |
| Investment in subsidiaries | – | – | – | (7,522,750) |
| Acquisition of land use rights | (4,625,000) | – | – | – |
| Net change in related companies balances | – | – | 12,696,673 | 22,933,767 |
| Proceeds from disposal of property, plant and equipment | 65,993 | 222,100 | – | – |
| **Net cash (used in)/generated from investing activities** | (41,199,658) | (38,442,823) | 28,160,940 | 31,701,079 |



# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2012 (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| **Financing activities** | | | | |
| Dividends paid to shareholders | **(32,571,234)** | (32,571,814) | **(32,571,234)** | (32,571,814) |
| Net change in bank borrowings | **(8,672,447)** | 46,311,000 | **–** | – |
| Drawdown of term loans | **44,586,000** | – | **–** | – |
| Repayment of obligations under finance leases | **(25,477)** | (34,492) | **–** | |
| Repayment of term loans | **(11,601,354)** | (7,160,149) | **–** | – |
| Purchase of treasury shares | **(10,445)** | (11,496) | **(10,445)** | (11,496) |
| **Net cash (used in)/ generated from financing activities** | **(8,294,957)** | 6,533,049 | **(32,581,679)** | (32,583,310) |
| **Net (decrease)/increase in cash and cash equivalents** | **(1,870,413)** | 15,341,297 | **502,681** | (14,546) |
| **Cash and cash equivalents as at 1 May** | **26,915,281** | 11,573,984 | **97,241** | 111,787 |
| **Cash and cash equivalents as at 30 April (Note B)** | **25,044,868** | 26,915,281 | **599,922** | 97,241 |

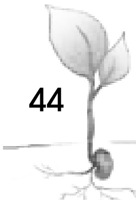
## A. Purchase of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM36,922,242 (2011: RM38,837,682) and RM638,183 (2011: RM10,672) by way of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Cash payments | **36,922,242** | 38,777,712 | **638,183** | 10,672 |
| Obligations under finance leases | **–** | 59,970 | **–** | – |
| | **36,922,242** | 38,837,682 | **638,183** | 10,672 |

## B. Cash and cash equivalents comprise:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Cash on hand and at banks | **17,140,868** | 17,163,281 | **599,922** | 97,241 |
| Deposits with licensed banks | **7,904,000** | 7,952,000 | **–** | – |
| Short term placements with licensed banks | **–** | 1,800,000 | **–** | – |
| | **25,044,868** | 26,915,281 | **599,922** | 97,241 |



The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 1. Corporate information

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

The principal activities of the subsidiaries are described in Note 14.

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

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 May 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

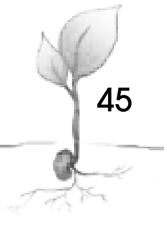
The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 May 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 May 2011.

| **Description** | **Effective for annual periods beginning on or after** |
|---|---:|
| FRS 1 First-time Adoption of Financial Reporting Standards | 1 July 2010 |
| Amendments to FRS 2 Share-based Payment | 1 July 2010 |
| FRS 3 Business Combinations | 1 July 2010 |
| Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations | 1 July 2010 |
| Amendments to FRS 127 Consolidated and Separate Financial Statements | 1 July 2010 |
| Amendments to FRS 138 Intangible Assets | 1 July 2010 |
| Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives | 1 July 2010 |
| IC Interpretation 12 Service Concession Arrangements | 1 July 2010 |
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners | 1 July 2010 |
| Amendments to FRS 1: Limited Exemption for First-time Adopters | 1 January 2011 |
| Amendments to FRS 1: Additional Exemptions for First-time Adopters | 1 January 2011 |
| Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions | 1 January 2011 |
| Amendments to FRS 7: Improving Disclosures about Financial Instruments | 1 January 2011 |
| IC Interpretation 4: Determining whether on Arrangement contains a Lease | 1 January 2011 |
| Improvements to FRSs issued in 2010 | 1 January 2011 |
| IC Interpretation 18: Transfers of Assets from Customers | 1 January 2011 |
| TR i - 4: Shariah Compliant Sale Contracts | 1 January 2011 |



## 2. Summary of significant accounting policies (cont'd.)

### 2.2 Changes in accounting policies (cont'd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 31. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 32 (b).

### 2.3 Standards issued but not yet effective

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 April 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening accumulated losses/retained earnings. The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 30 April 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 April 2013.

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies

#### (a) Basis of consolidation

Business combinations from 1 May 2011

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 May 2011

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies (cont'd)

#### (b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### (c) Foreign currency

##### i. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### ii. Foreign currency transactions

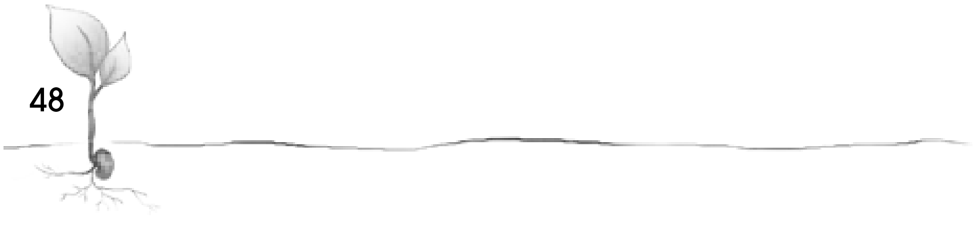
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### iii. Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.



## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies (cont'd.)

#### (d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the period of the lease term, i.e. 97 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

| | |
|---|---|
| Buildings | 2% - 5% |
| Plant and machinery and electrical installations | 10% |
| Motor vehicles | 10% |
| Furniture, fittings, renovation, air conditioners, office equipment and computers | 5% - 33.33% |

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### (e) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies (cont'd.)

### (f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### (g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### i. Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

## 2. Summary of significant accounting policies (cont'd.)

## 2.4 Significant accounting policies (cont'd.)

### (g) Financial assets (cont'd)

### ii. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

### iii. Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

### iv. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

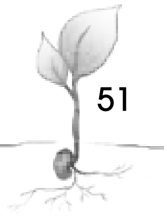
After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.



## 2. Summary of significant accounting policies (cont'd.)

## 2.4 Significant accounting policies (cont'd.)

### (h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### i. Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### ii. Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### iii. Available-for-sale financial assets

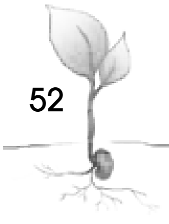
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.



## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies (cont'd.)

#### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.
- Trading goods: purchase costs on a first-in first-out basis.

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

#### (k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

##### ii. Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd.)**

**2.4 Significant accounting policies (cont'd.)**

**(m) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

**(n) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

**(o) 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. 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**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

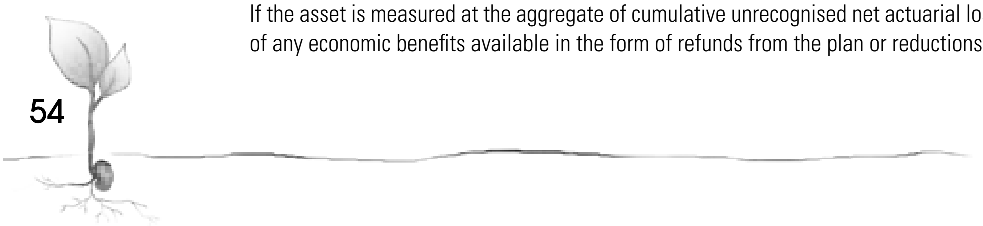
**iii. Defined benefit plans**

The costs of providing benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan:



## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Significant accounting policies (cont'd.)

#### (o) Employee benefits (cont'd)

#### iii. Defined benefit plans (cont'd)

- Net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately.

- Net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

#### (p) Leases

**As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### i. Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### ii. Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

#### iii. Interest income

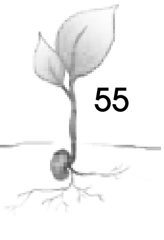
Interest income is recognised using the effective interest method.

#### iv. Management fees

Management fees are recognised when services are rendered.

#### v. Dividend income

Dividend income is recognised when the Group’s right to receive payment is established.



## 2. Summary of significant accounting policies (cont'd.)

## 2.4 Significant accounting policies (cont'd.)

### (r) Income taxes

#### i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

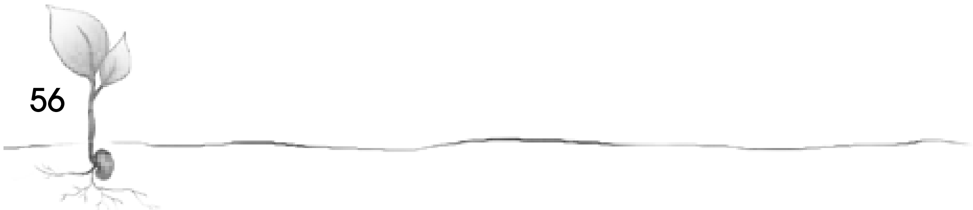
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



## 2. Summary of significant accounting policies (cont'd.)

## 2.4 Significant accounting policies (cont'd.)

### (r) Income taxes

#### iii. Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### (s) Segment reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

### (t) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### (u) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

### (v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### (w) Hedge accounting

The Group uses forward currency contracts to manage its exposure to foreign market risk and liquidity risk. The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

**2. Summary of significant accounting policies (cont'd.)**

**2.4 Significant accounting policies (cont'd.)**

**(w) Hedge accounting (cont'd)**

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

**i. Fair value hedges**

The change in the fair value of an interest rate hedging derivative is recognised in the profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

**ii. Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in equity until the forecast transaction or firm commitment affects profit or loss.

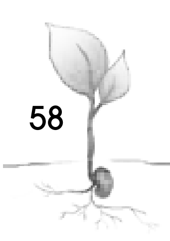
The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions.

**iii. Hedges of net investments in foreign operations**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative amount of any such gains or losses recorded in other comprehensive income is reclassified from equity to profit or loss.

**iv. Derivatives that are not designated or do not qualify for hedge accounting**

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.



## 3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that has significant effect on the amounts recognised in the financial statements.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### i. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group was RM6,487,700 (2011: RM4,260,664). Further details of unrecognised tax losses and capital allowances are disclosed in Note 16.

#### ii. Impairment of investments in subsidiaries

In previous year, the Company has recognised an impairment loss in respect of investments in subsidiaries. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units ("CGU") to which the investments in subsidiaries belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 14.

#### iii. Depreciation of plant and equipment

The cost of paper making machinery is depreciated on a straight-line basis over the asset's useful life. Management estimates the useful lives of these plant and machinery to be within 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

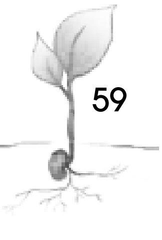
#### iv. Inventories

Inventories of the Group are written down to net realisable value based on an analysis of the aging profile and taking into account the expected sales patterns of individual item held in inventory. Changes in the inventory aging and the expected sales profiles may have an impact on the amount of write down recorded.

#### v. Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.



## 4. Revenue

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| Sales of paper products such as toilet rolls; tissues; serviettes; sanitary products; cotton products; diapers | **449,786,392** | 420,227,030 | **–** | – |
| Management fee | **–** | – | **6,514,594** | 7,396,530 |
| Dividend income | **–** | – | **16,100,000** | 29,700,000 |
| | **449,786,392** | 420,227,030 | **22,614,594** | 37,096,530 |

## 5. Other operating income

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| Sundry income | **1,409,974** | 1,218,648 | **–** | – |
| Interest income from: | | | | |
| - Loans and receivables | **–** | – | **3,602,003** | 3,423,534 |
| - Deposits with licensed banks | **281,591** | 112,789 | **2,450** | 734 |
| | **1,691,565** | 1,331,437 | **3,604,453** | 3,424,268 |

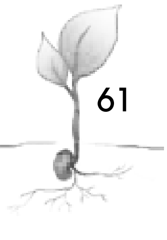
## 6. Employee benefits expense

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| Wages and salaries | **53,173,468** | 47,715,087 | **1,959,801** | 1,783,853 |
| Executive directors' remuneration (Note 7) | **4,123,954** | 3,958,527 | **3,323,337** | 3,137,254 |
| Social security contributions | **728,989** | 670,735 | **21,142** | 20,983 |
| Short term accumulating compensated absences | **664,401** | 1,069,476 | **(3,185)** | 5,136 |
| Contribution to defined contribution plan | **6,296,530** | 5,653,420 | **386,015** | 364,603 |
| Increase in liability for defined benefit plan (Note 23) | **322,471** | 259,342 | **–** | – |
| Other benefits | **4,592,255** | 3,880,982 | **161,866** | 196,295 |
| | **69,902,068** | 63,207,569 | **5,848,976** | 5,508,124 |

Included in employee benefits expense of the Group and of the Company are remuneration of the Company's executive directors amounting to RM2,219,543 (2011: RM2,139,792) and RM 2,197,997 (2011: RM2,124,421) respectively as further disclosed in Note 7.

## 7. Directors' remuneration

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| **Directors of the Company** | | | | |
| Executive directors' remuneration | | | | |
| Fees | **120,000** | 100,000 | **120,000** | 100,000 |
| Other emoluments | **2,052,997** | 2,006,693 | **2,052,997** | 2,006,694 |
| Benefits-in-kind | **46,546** | 33,099 | **25,000** | 17,727 |
| | **2,219,543** | 2,139,792 | **2,197,997** | 2,124,421 |
| Non-executive directors' remuneration: | | | | |
| Fees | **240,000** | 200,000 | **240,000** | 200,000 |
| Other emoluments | **10,000** | 8,000 | **10,000** | 8,000 |
| | **250,000** | 208,000 | **250,000** | 208,000 |
| **Other Directors** | | | | |
| Executive directors' remuneration: | | | | |
| Fees | **108,884** | 108,363 | **–** | – |
| Other emoluments | **1,842,073** | 1,743,471 | **1,150,340** | 1,030,560 |
| Benefits-in-kind | **17,328** | 30,047 | **–** | – |
| | **1,968,285** | 1,881,881 | **1,150,340** | 1,030,560 |
| Non-executive directors' remuneration: | | | | |
| Fees | **24,000** | 24,216 | **–** | – |
| Total directors' remuneration: | | | | |
| Executive directors' remuneration (Note 6) | **4,123,954** | 3,958,527 | **3,323,337** | 3,137,254 |
| Non-executive directors' remuneration (Note 8) | **274,000** | 232,216 | **250,000** | 208,000 |
| | **4,397,954** | 4,190,743 | **3,573,337** | 3,345,254 |
| Estimated money value of benefits-in-kind | **63,874** | 63,146 | **25,000** | 17,727 |
| Total directors' remuneration including benefits-in-kind | **4,461,828** | 4,253,889 | **3,598,337** | 3,362,981 |



### 7. Directors' remuneration (cont'd.)

The details of remuneration receivable by directors during the year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Executive: | | | | |
| Salaries and other emoluments | **2,286,560** | 2,149,994 | **1,785,549** | 1,636,584 |
| Fees | **228,884** | 208,363 | **120,000** | 100,000 |
| Bonus | | | | |
| - Current year provision | **1,589,660** | 1,612,640 | **1,398,938** | 1,413,140 |
| - Under/(over) provision in prior year | **18,850** | (12,470) | **18,850** | (12,470) |
| Benefits-in-kind | **63,874** | 63,146 | **25,000** | 17,727 |
| | **4,187,828** | 4,021,673 | **3,348,337** | 3,154,981 |
| Non-executive (Note 8): | | | | |
| Fees | **264,000** | 224,216 | **240,000** | 200,000 |
| Allowance | **10,000** | 8,000 | **10,000** | 8,000 |
| | **274,000** | 232,216 | **250,000** | 208,000 |
| Total | **4,461,828** | 4,253,889 | **3,598,337** | 3,362,981 |

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 | |
|---|---|---|
| | **2012** | **2011** |
| Executive directors: | | |
| RM550,001 - RM600,000 | **1** | 1 |
| RM1,550,001 - RM1,600,000 | **–** | 1 |
| RM1,650,001 - RM1,700,000 | **1** | – |
| Non-Executive directors: | | |
| RM50,001 - RM100,000 | **4** | 4 |
| RM50,000 and below | **1** | 1 |

## 8. Other operating expenses

Other operating expenses are stated:-

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| After charging/(crediting): | | | | |
| Auditors' remuneration | | | | |
| - statutory audit | | | | |
| - current year | **204,266** | 200,969 | **49,160** | 42,000 |
| - under provision in prior years | **2,102** | 1,200 | **–** | 2,100 |
| - other services | **28,579** | 139,461 | **(23,099)** | 75,330 |
| Amortisation of land use rights | **20,205** | 20,205 | **–** | – |
| Bad debts written off | **65,786** | 77,467 | **–** | – |
| Bad debts recovered | **(15,578)** | (8,450) | **–** | – |
| Inventories written (back)/down | **(120,431)** | 15,471 | **–** | – |
| (Gain)/loss on disposal of property, plant and equipment | **(3,258)** | 184,959 | **–** | – |
| Net fair value (gain)/losses on derivatives | **(139,935)** | 449,170 | **–** | – |
| Net foreign exchange (gain)/losses | **(736,033)** | (943,769) | **317** | (7,461) |
| Non-executive directors' remuneration (Note 7) | **274,000** | 232,216 | **250,000** | 208,000 |
| Plant and equipment written off | **78,205** | 41,858 | **–** | – |
| Rental expense | **878,925** | 936,805 | **43,200** | 43,200 |
| Charge for the year/(reversal of impairment losses) on trade receivables | **78,526** | (25,357) | **–** | – |
| Reversal of provision for legal liabilities | **–** | (600,000) | **–** | – |

## 9. Finance costs

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Interest expense on: | | | | |
| - Bank borrowings | **3,487,628** | 2,299,281 | **339** | – |
| - Obligations under finance leases | **220** | 916 | **–** | – |
| | **3,487,848** | 2,300,197 | **339** | – |

## 10. Income tax expense

**Major components of income tax expense**

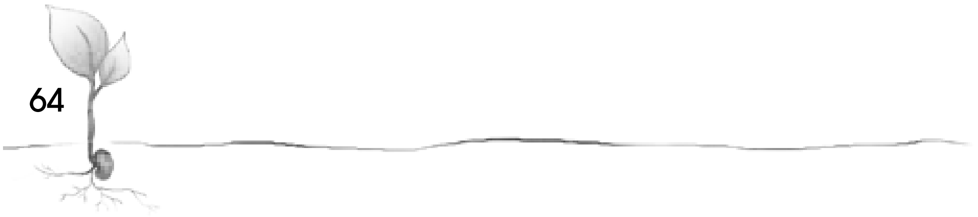
The major components of income tax expense are:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Income tax: | | | | |
| Malaysian income tax | **15,022,113** | 13,089,026 | **920,956** | 1,174,555 |
| Foreign tax | **745,586** | 653,465 | **–** | – |
| | **15,767,699** | 13,742,491 | **920,956** | 1,174,555 |
| (Over)/under provision in prior years: | | | | |
| Malaysian income tax | **(615,525)** | 664,876 | **3,573** | 42 |
| Foreign tax | **(26,566)** | – | **–** | – |
| | **15,125,608** | 14,407,367 | **924,529** | 1,174,597 |
| Deferred tax (Note 16): | | | | |
| Relating to origination and reversal of temporary differences | **(487,111)** | 475,562 | **(1,595)** | (1,565) |
| Under/(over) provision in prior years | **121,212** | 180,594 | **(84)** | 157 |
| | **(365,899)** | 656,156 | **(1,679)** | (1,408) |
| | **14,759,709** | 15,063,523 | **922,850** | 1,173,189 |

**Reconciliation between tax expense and accounting profit**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 April 2012 and 2011 are as follows:

| | **2012** | **2011** |
|---|---|---|
| | **RM** | **RM** |
| **Group** | | |
| Profit before tax | **59,540,350** | 67,126,201 |
| Taxation at Malaysian statutory tax rate of 25% (2011: 25%) | **14,885,090** | 16,781,550 |
| Effect of different tax rates in other countries | **(374,757)** | (334,538) |
| Effect of expenses not deductible for tax purposes | **656,732** | 212,991 |
| Deferred tax assets recognised on unutilised reinvestment allowance arising in current year | **–** | (277,833) |
| Effect of income not subject to tax | **(348,717)** | (64,765) |
| Deferred tax assets not recognised during the year | **613,340** | 507,578 |
| Allowance for increased exports claimed during the year | **(151,100)** | – |
| Reinvestment allowance claimed during the year | **–** | (2,606,930) |
| (Over)/under provision of income tax in prior years | **(642,091)** | 664,876 |
| Under provision of deferred tax in prior years | **121,212** | 180,594 |
| Tax expense for the year | **14,759,709** | 15,063,523 |



## 10. Income tax expense (cont'd.)

**Reconciliation between tax expense and accounting profit (cont'd.)**

| Company | 2012<br>RM | 2011<br>RM |
|---|---|---|
| Profit before tax | 19,163,180 | 33,757,302 |
| Taxation at Malaysian statutory tax rate of 25% (2011: 25%) | 4,790,795 | 8,439,326 |
| Effect of expenses not deductible for tax purposes | 153,566 | 158,664 |
| Effect of income not subject to tax | (4,025,000) | (7,425,000) |
| Under provision of income tax in prior years | 3,573 | 42 |
| (Over)/under provision of deferred tax in prior years | (84) | 157 |
| Tax expense for the year | 922,850 | 1,173,189 |

During the previous financial year, a subsidiary was subjected to an Inland Revenue Board (IRB) field audit covering the years of assessment 2004 to 2008, where the IRB in turn raised assessments for additional tax liabilities and penalties amounting to RM2.23 million. Arising therefrom, the management estimates that further tax liabilities and penalties of RM2.55 million would be incurred for subsequent years of assessments 2009 to 2012 as a result of the spill over effect arising from the IRB findings. The Directors have reasonable grounds to believe that the subsidiary's income tax treatment is in order based on a recent decision of the Special Commissioner upheld by the High Court in relation to these issues. Based on the advice of its tax and legal advisors, an appeal has been made to the Special Commissioner of Income Tax which has on 14 June 2012 fixed 14 August 2012 as the date of case management. Consequently, no provision for the additional tax liabilities and penalties in dispute has been made at 30 April 2011 and 30 April 2012.

As at 30 April 2012, the subsidiary has paid RM2,234,148 (2011: RM1,179,520) of the additional tax liabilities and penalties as disclosed in Note 19.

## 11. Earnings per share

### Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

| | Group<br>2012 | <br>2011 |
|---|---|---|
| Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share | **44,780,641** | 52,062,678 |
| Weighted average number of ordinary shares for basic earnings per share computation | **1,123,154,005** | 1,123,173,301 |
| Basic earnings per share (sen) | **3.99** | 4.64 |

## 12. Property, plant and equipment

| Group | * Land and buildings | Capital work-in-progress | Plant and machinery and electrical installations | Motor vehicles | Furniture, fittings, renovation, air conditioners, office equipment and computers | Total |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| **At 30 April 2012** | | | | | | |
| **Cost/valuation** | | | | | | |
| At 1 May 2011 | | | | | | |
| At cost | 25,387,433 | 3,415,723 | 284,309,808 | 27,258,298 | 9,071,066 | 349,442,328 |
| At valuation | 72,338,998 | – | – | – | – | 72,338,998 |
| | 97,726,431 | 3,415,723 | 284,309,808 | 27,258,298 | 9,071,066 | 421,781,326 |
| Additions | 8,410,501 | 15,576,894 | 10,167,728 | 2,452,061 | 315,058 | 36,922,242 |
| Disposals/write offs | – | (75,070) | (73,036) | (142,913) | (102,985) | (394,004) |
| Reclassification | 5,571,401 | (12,345,873) | 6,669,437 | – | 105,035 | – |
| Revaluation surplus | 24,667,026 | – | – | – | – | 24,667,026 |
| Elimination of accumulated depreciation on revaluation | (5,709,137) | – | – | – | – | (5,709,137) |
| Translation difference | – | – | – | 20,211 | 2,376 | 22,587 |
| At 30 April 2012 | 130,666,222 | 6,571,674 | 301,073,937 | 29,587,657 | 9,390,550 | 477,290,040 |
| Representing: | | | | | | |
| At cost | – | 6,571,674 | 301,073,937 | 29,587,657 | 9,390,550 | 346,623,818 |
| At valuation | 130,666,222 | – | – | – | – | 130,666,222 |
| At 30 April 2012 | 130,666,222 | 6,571,674 | 301,073,937 | 29,587,657 | 9,390,550 | 477,290,040 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 May 2011 | 4,363,402 | – | 186,814,100 | 15,627,378 | 7,449,647 | 214,254,527 |
| Depreciation charge for the year | 1,345,735 | – | 18,372,371 | 1,985,913 | 428,413 | 22,132,432 |
| Disposals/write offs | – | – | (73,034) | (80,743) | (99,844) | (253,621) |
| Translation difference | – | – | – | 15,567 | 1,995 | 17,562 |
| Elimination of accumulated depreciation on revaluation | (5,709,137) | – | – | – | – | (5,709,137) |
| At 30 April 2012 | – | – | 205,113,437 | 17,548,115 | 7,780,211 | 230,441,763 |
| **Net carrying amount** | | | | | | |
| At cost | – | 6,571,674 | 95,960,500 | 12,039,542 | 1,610,339 | 116,182,055 |
| At valuation | 130,666,222 | – | – | – | – | 130,666,222 |
| At 30 April 2012 | 130,666,222 | 6,571,674 | 95,960,500 | 12,039,542 | 1,610,339 | 246,848,277 |

**12. Property, plant and equipment (cont'd.)**

| Group | * Land and buildings | Capital work-in-progress | Plant and machinery and electrical installations | Motor vehicles | Furniture, fittings, renovation, air conditioners, office equipment and computers | Total |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| **At 30 April 2011** | | | | | | |
| **Cost/valuation** | | | | | | |
| At 1 May 2010 | | | | | | |
| At cost | 15,219,640 | 7,398,974 | 256,154,798 | 23,985,038 | 8,852,301 | 311,610,751 |
| At valuation | 72,338,998 | – | – | – | – | 72,338,998 |
| | 87,558,638 | 7,398,974 | 256,154,798 | 23,985,038 | 8,852,301 | 383,949,749 |
| Additions | 5,097,433 | 27,712,025 | 1,735,115 | 3,993,669 | 299,440 | 38,837,682 |
| Disposals/write offs | – | (41,858) | (163,163) | (774,197) | (88,537) | (1,067,755) |
| Reclassification | 5,070,360 | (31,653,418) | 26,583,058 | – | – | – |
| Translation difference | – | – | – | 53,788 | 7,862 | 61,650 |
| At 30 April 2011 | 97,726,431 | 3,415,723 | 284,309,808 | 27,258,298 | 9,071,066 | 421,781,326 |
| Representing: | | | | | | |
| At cost | 25,387,433 | 3,415,723 | 284,309,808 | 27,258,298 | 9,071,066 | 349,442,328 |
| At valuation | 72,338,998 | – | – | – | – | 72,338,998 |
| At 30 April 2011 | 97,726,431 | 3,415,723 | 284,309,808 | 27,258,298 | 9,071,066 | 421,781,326 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 May 2010 | 3,124,732 | – | 169,455,101 | 14,395,590 | 7,115,650 | 194,091,073 |
| Depreciation charge for the year | 1,238,670 | – | 17,400,355 | 1,673,229 | 414,870 | 20,727,124 |
| Disposals/write offs | – | – | (41,356) | (490,321) | (87,161) | (618,838) |
| Translation difference | – | – | – | 48,880 | 6,288 | 55,168 |
| At 30 April 2011 | 4,363,402 | – | 186,814,100 | 15,627,378 | 7,449,647 | 214,254,527 |
| **Net carrying amount** | | | | | | |
| At cost | 24,636,683 | 3,415,723 | 97,495,708 | 11,630,920 | 1,621,419 | 138,800,453 |
| At valuation | 68,726,346 | – | – | – | – | 68,726,346 |
| At 30 April 2011 | 93,363,029 | 3,415,723 | 97,495,708 | 11,630,920 | 1,621,419 | 207,526,799 |

**12. Property, plant and equipment (cont'd.)**

*** Land and buildings**

| **Group** | **Freehold land** | **Long-term leasehold land** | **Buildings** | **Total** |
|---|---|---|---|---|
| | **RM** | **RM** | **RM** | **RM** |
| **At 30 April 2012** | | | | |
| **Cost/valuation** | | | | |
| At 1 May 2011 | | | | |
| At cost | 6,180,515 | 1,269,507 | 17,937,411 | 25,387,433 |
| At valuation | 38,700,000 | – | 33,638,998 | 72,338,998 |
| | 44,880,515 | 1,269,507 | 51,576,409 | 97,726,431 |
| Additions | – | – | 8,410,501 | 8,410,501 |
| Reclassification | – | – | 5,571,401 | 5,571,401 |
| Revaluation surplus | 17,384,485 | 453,637 | 6,828,904 | 24,667,026 |
| Elimination of accumulated depreciation on revaluation | – | (13,144) | (5,695,993) | (5,709,137) |
| At 30 April 2012 | 62,265,000 | 1,710,000 | 66,691,222 | 130,666,222 |
| Representing: | | | | |
| At cost | – | – | – | – |
| At valuation | 62,265,000 | 1,710,000 | 66,691,222 | 130,666,222 |
| At 30 April 2012 | 62,265,000 | 1,710,000 | 66,691,222 | 130,666,222 |
| **Accumulated depreciation** | | | | |
| At 1 May 2011 | – | – | 4,363,402 | 4,363,402 |
| Depreciation charge for the year | – | 13,144 | 1,332,591 | 1,345,735 |
| Elimination of accumulated depreciation on revaluation | | (13,144) | (5,695,993) | (5,709,137) |
| At 30 April 2012 | – | – | – | – |
| **Net carrying amount** | | | | |
| At cost | – | – | – | – |
| At valuation | 62,265,000 | 1,710,000 | 66,691,222 | 130,666,222 |
| At 30 April 2012 | 62,265,000 | 1,710,000 | 66,691,222 | 130,666,222 |

## 12. Property, plant and equipment (cont'd.)

### * Land and buildings (cont'd)

| **Group** | **Freehold land**<br>**RM** | **Long-term leasehold land**<br>**RM** | **Buildings**<br>**RM** | **Total**<br>**RM** |
|---|---|---|---|---|
| **At 30 April 2011** | | | | |
| **Cost/valuation** | | | | |
| At 1 May 2010 | | | | |
| At cost | 1,830,902 | – | 13,388,738 | 15,219,640 |
| At valuation | 38,700,000 | – | 33,638,998 | 72,338,998 |
| | 40,530,902 | – | 47,027,736 | 87,558,638 |
| Additions | 3,800,138 | 1,269,507 | 27,788 | 5,097,433 |
| Reclassification | 549,475 | – | 4,520,885 | 5,070,360 |
| At 30 April 2011 | 44,880,515 | 1,269,507 | 51,576,409 | 97,726,431 |
| Representing: | | | | |
| At cost | 6,180,515 | 1,269,507 | 17,937,411 | 25,387,433 |
| At valuation | 38,700,000 | – | 33,638,998 | 72,338,998 |
| At 30 April 2011 | 44,880,515 | 1,269,507 | 51,576,409 | 97,726,431 |
| **Accumulated depreciation** | | | | |
| At 1 May 2010 | – | – | 3,124,732 | 3,124,732 |
| Depreciation charge for the year | – | – | 1,238,670 | 1,238,670 |
| At 30 April 2011 | – | – | 4,363,402 | 4,363,402 |
| **Net carrying amount** | | | | |
| At cost | 6,180,515 | 1,269,507 | 17,186,661 | 24,636,683 |
| At valuation | 38,700,000 | – | 30,026,346 | 68,726,346 |
| At 30 April 2011 | 44,880,515 | 1,269,507 | 47,213,007 | 93,363,029 |

**12. Property, plant and equipment (cont'd.)**

| | Motor vehicles<br>RM | Furniture, fittings, renovation, air conditioners, office equipment and computers<br>RM | Total<br>RM |
|---|---|---|---|
| **Company** | | | |
| **At 30 April 2012** | | | |
| **Cost** | | | |
| At 1 May 2011 | 804,666 | 115,766 | 920,432 |
| Additions | 631,358 | 6,825 | 638,183 |
| At 30 April 2012 | 1,436,024 | 122,591 | 1,558,615 |
| **Accumulated depreciation** | | | |
| At 1 May 2011 | 489,644 | 68,265 | 557,909 |
| Depreciation charge for the year | 130,923 | 15,969 | 146,892 |
| At 30 April 2012 | 620,567 | 84,234 | 704,801 |
| **Net carrying amount** | | | |
| At 30 April 2012 | 815,457 | 38,357 | 853,814 |
| **At 30 April 2011** | | | |
| **Cost** | | | |
| At 1 May 2010 | 804,666 | 120,599 | 925,265 |
| Additions | – | 10,672 | 10,672 |
| Disposals | – | (15,505) | (15,505) |
| At 30 April 2011 | 804,666 | 115,766 | 920,432 |
| **Accumulated depreciation** | | | |
| At 1 May 2010 | 416,596 | 64,186 | 480,782 |
| Depreciation charge for the year | 73,048 | 19,584 | 92,632 |
| Disposal | – | (15,505) | (15,505) |
| At 30 April 2011 | 489,644 | 68,265 | 557,909 |
| **Net carrying amount** | | | |
| At 30 April 2011 | 315,022 | 47,501 | 362,523 |

## 12. Property, plant and equipment (cont'd.)

The details of the latest valuation of land and buildings of the Group performed on 30 April 2012 by professional valuers are as follows:

| Date of Valuation | Description of Property | Valuation Amount RM | Basis of Valuation |
|---|---|---|---|
| 30 April 2012 | Freehold industrial land and building at Seberang Perai Selatan, Penang | 82,982,700 | Comparison method |
| 30 April 2012 | Freehold agricultural land at Seberang Perai Selatan, Penang | 5,053,000 | Comparison method |
| 30 April 2012 | Leasehold industrial building at Parit Buntar, Perak | 7,785,000 | Comparison method |
| 30 April 2012 | Freehold industrial land and building at Senai, Johor Bahru | 1,750,000 | Comparison method |
| 30 April 2012 | Freehold industrial land and building at Shah Alam, Selangor | 15,780,000 | Comparison method |
| 30 April 2012 | Freehold industrial land at Senai, Johor | 4,000,000 | Comparison method |
| 30 April 2012 | Leasehold industrial land and building at Daerah Melaka Tengah, Melaka | 5,065,000 | Comparison method |
| 30 April 2012 | Leasehold industrial building at Bentong, Pahang | 8,250,522 | Comparison method |
| | | 130,666,222 | |

(a) Had the revalued properties been carried under the cost model, the carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 30 April 2012 would be as follows:

| | Group | |
|---|---|---|
| | **2012**<br>**RM** | **2011**<br>**RM** |
| Freehold land | **21,452,114** | 14,015,237 |
| Buildings | **36,968,871** | 20,897,063 |
| | **58,420,985** | 34,912,300 |

(b) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM125,746,026 (2011: RM117,872,851).

(c) The net carrying amount of temporarily idle assets of the Group amounted to RM9,093,000 (2011: RM8,303,216).

(d) Included in property, plant and equipment of the Group are motor vehicles with net carrying amount of RM7,901 (2011: RM12,181) which are held in trust by third parties.

(e) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM36,922,242 (2011: RM38,837,682) and RM638,183 (2011: RM10,672) of which RM Nil (2011: RM59,970) and RM Nil (2011: Nil) were acquired by means of obligation under finance leases arrangements. The net carrying amounts of property, plant and equipment held under obligation under finance leases arrangements amounted to RM195,164 (2011: RM249,250).

## 13. Land use rights

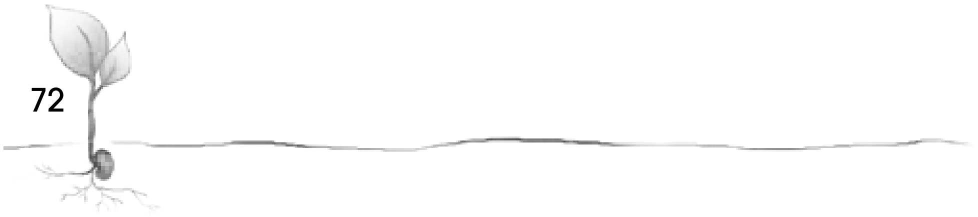
| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| At 1 May | **732,936** | 753,141 |
| Addition during the year | **4,625,000** | – |
| Amortisation for the year | **(20,205)** | (20,205) |
| At 30 April | **5,337,731** | 732,936 |
| Analysed as: | | |
| Short term leasehold land | **5,337,731** | 732,936 |

## 14. Investments in subsidiaries

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Unquoted shares, at cost | **21,716,543** | 21,716,543 |
| Accumulated impairment loss | **(1,500,000)** | (1,500,000) |
| | **20,216,543** | 20,216,543 |

Details of the subsidiaries are as follows:

| **Name of subsidiaries** | **Equity interest held** | | **Principal activities** | **Country of incorporation** |
|---|---|---|---|---|
| | **2012** | **2011** | | |
| | % | % | | |
| Nibong Tebal Enterprise Sendirian Berhad | **100.00** | 100.00 | Trading in paper, cotton, diapers and sanitary products | 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 and baby diapers | Malaysia |
| Nibong Tebal Logistics Sdn. Bhd. | **100.00** | 100.00 | Carrying out integrated logistics services | Malaysia |
| Nibong Tebal IT Sdn. Bhd. | **100.00** | 100.00 | Carrying out information technology related businesses | Malaysia |
| Nibong Tebal Technology Sdn. Bhd. | **100.00** | 100.00 | Carrying out research and development activities on the production technology, biotechnology and recycling of waste materials related to paper industry | Malaysia |



## 14. Investments in subsidiaries (cont'd.)

| **Name of subsidiaries** | **Equity interest held** | | **Principal activities** | **Country of incorporation** |
|---|---|---|---|---|
| | **2012** | **2011** | | |
| | **%** | **%** | | |
| NTPM (Thailand) Co., Ltd. * | 100.00 | 100.00 | Importers and dealers in all kinds of paper products, tissue papers, toilet rolls, paper towels and general merchandise | Thailand |
| NTPM (Singapore) 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 |
| Nibong Tebal Paper Products Sdn. Bhd. | 100.00 | 100.00 | Undertaking paper product and printing related business and general trading | Malaysia |
| NTPM Paper Mill (Bentong) Sdn. Bhd | 100.00 | – | Manufacturing and trading of paper products such as toilet rolls | Malaysia |

* Audited by a firm of auditors other than Ernst & Young.

### (a) Impairment loss recognised

The management of the Company has carried out a review of the recoverable amount of its investments in subsidiaries. The review has led to the retention of the impairment loss of RM1,500,000 recognised in the prior years' profit or loss. The recoverable amount was based on the value in use calculation using cash flow projections based on the financial budgets approved by management covering a five-year period.

The following describes each key assumption on which the management has based its cash flow projection to undertake impairment testing of investment:

- The basis used to determine the value assigned to budgeted gross margin is the average gross margin achieved in the year immediately before budgeted year.
- The weighted average growth rate used is determined based on the historical achievement in the year immediately before budgeted year adjusted for expected efficiency improvements and price increase due to inflation.
- The 8.40% discount rate used is pre-tax and reflects the cost of capital and internal rate of return of the Company.

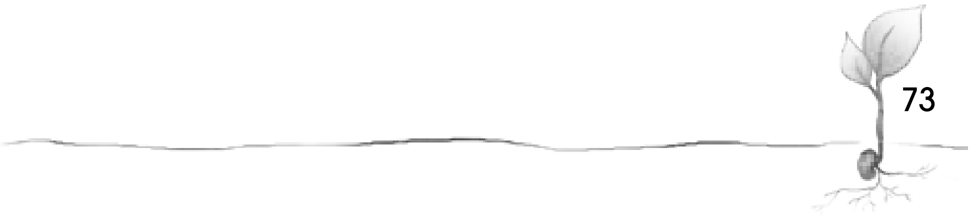
#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of all CGUs, the management believes that any reasonable change in any of the above key assumptions would not cause the carrying value of the CGUs to materially exceed their recoverable amounts.

### (b) Acquisition of subsidiary

On 10 May 2011, the Group has incorporated a sub-subsidiary known as NTPM Paper Mill (Bentong) Sdn. Bhd. ("NTPM Bentong"). The authorised, issued and paid up share capital of NTPM Bentong is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each. On 7 December 2011, NTPM Bentong increased its authorised and paid up share capital to RM5,000,000 and RM3,000,000 respectively. NTPM (Singapore) Pte. Ltd., a wholly owned subsidiary of the Company owns 100% of the said issued and paid-up capital of NTPM Bentong.

NTPM Bentong, which has yet to commerce operations as at 30 April 2012, has contributed a loss of RM611,704 to the Group's results for the year.



## 15. Other investments

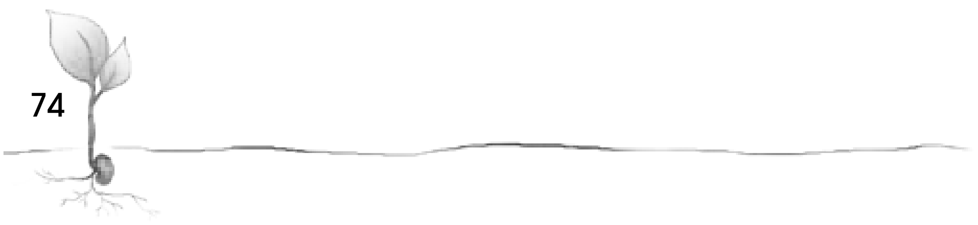
| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Memberships in golf club, at cost | **41,185** | 41,185 |
| Accumulated impairment loss | **(41,185)** | (41,185) |
| | **-** | - |

The management of the Group has carried out a review of the recoverable amount of its investments in golf club memberships. The review has led to the retention of the impairment loss recognised in the prior years' profit or loss.

## 16. Deferred tax

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| At 1 May | **17,651,952** | 16,857,407 |
| Effects of adopting FRS139 | **–** | 137,640 |
| | **17,651,952** | 16,995,047 |
| Recognised in profit or loss (Note 10) | **(365,899)** | 656,156 |
| Recognised directly in equity | **2,482,778** | – |
| | **19,768,831** | 17,651,203 |
| Exchange differences | **275** | 749 |
| At 30 April | **19,769,106** | 17,651,952 |
| | | |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax assets | **(291,539)** | (565,511) |
| Deferred tax liabilities | **20,060,645** | 18,217,463 |
| | **19,769,106** | 17,651,952 |

| | Company | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| At 1 May | **(14,085)** | (12,677) |
| Recognised in profit or loss (Note 10) | **(1,679)** | (1,408) |
| At 30 April | **(15,764)** | (14,085) |
| | | |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax assets | **(15,764)** | (14,085) |



### 16. Deferred tax (cont'd.)

**Deferred tax assets of the Group:**

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

| | Retirement benefit obligations RM | Unused tax losses, unabsorbed reinvestment allowances and capital allowances RM | Other payables RM | Others RM | Total RM |
|---|---|---|---|---|---|
| At 1 May 2011 | (257,492) | (2,960,335) | (1,029,387) | (324,988) | (4,572,202) |
| Recognised in profit or loss | (29,950) | 592,384 | 238,780 | 6,769 | 807,983 |
| At 30 April 2012 | (287,442) | (2,367,951) | (790,607) | (318,219) | (3,764,219) |
| | | | | | |
| At 1 May 2010 | (224,466) | (2,482,727) | (1,035,982) | (449,690) | (4,192,865) |
| Recognised in profit or loss | (33,026) | (477,608) | 6,595 | 124,702 | (379,337) |
| At 30 April 2011 | (257,492) | (2,960,335) | (1,029,387) | (324,988) | (4,572,202) |

**Deferred tax liabilities of the Group:**

| | Property, plant and equipment RM | Revaluation of properties RM | Others RM | Total RM |
|---|---|---|---|---|
| At 1 May 2011 | 18,573,945 | 3,616,860 | 33,349 | 22,224,154 |
| Recognised in profit or loss | (1,165,217) | (51,774) | 43,109 | (1,173,882) |
| Charged to equity | – | 2,482,778 | – | 2,482,778 |
| Exchange differences | 275 | – | – | 275 |
| At 30 April 2012 | 17,409,003 | 6,047,864 | 76,458 | 23,533,325 |
| | | | | |
| At 1 May 2010 | 17,370,884 | 3,668,636 | 10,752 | 21,050,272 |
| Effects of adopting FRS139 | – | – | 137,640 | 137,640 |
| | 17,370,884 | 3,668,636 | 148,392 | 21,187,912 |
| Recognised in profit or loss | 1,202,312 | (51,776) | (115,043) | 1,035,493 |
| Exchange differences | 749 | – | – | 749 |
| At 30 April 2011 | 18,573,945 | 3,616,860 | 33,349 | 22,224,154 |

**Deferred tax assets of the Company:**

| | Property, plant and equipment RM |
|---|---|
| At 1 May 2011 | (14,085) |
| Recognised in profit or loss | (1,679) |
| At 30 April 2012 | (15,764) |
| | |
| At 1 May 2010 | (12,677) |
| Recognised in profit or loss | (1,408) |
| At 30 April 2011 | (14,085) |

## 16. Deferred tax (cont'd.)

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

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Unused tax losses | **4,841,856** | 3,119,600 |
| Unabsorbed capital allowances | **1,645,844** | 1,141,064 |
| | **6,487,700** | 4,260,664 |

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.

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

## 17. Inventories

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| **Cost:** | | |
| Raw materials | **66,517,781** | 54,462,325 |
| Work-in-progress | **3,296,101** | 4,970,387 |
| Finished goods | **15,258,634** | 20,623,298 |
| Trading goods | **7,463,113** | 6,615,403 |
| Computer parts and accessories | **9,416** | 13,350 |
| | **92,545,045** | 86,684,763 |

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM309,734,246 (2011: RM276,887,701).

## 18. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| **Trade receivables** | | | | |
| Trade receivables | **75,524,069** | 64,238,663 | **–** | – |
| Allowance for impairment | **(121,825)** | (683,029) | **–** | – |
| Due from subsidiaries | **–** | – | **163,968** | 7,396,530 |
| Trade receivables, net | **75,402,244** | 63,555,634 | **163,968** | 7,396,530 |
| | | | | |
| **Other receivables** | | | | |
| Due from subsidiaries | **–** | – | **100,810,772** | 97,434,442 |
| Deposits for purchase of property, plant and equipment and raw materials | **13,151,012** | 8,396,671 | **–** | – |
| Dividend receivable | **–** | – | **–** | 13,400,000 |
| Prepayments | **854,547** | 570,742 | **29,159** | – |
| Sundry receivables and deposits | **1,425,118** | 1,306,779 | **30,482** | 30,482 |
| Staff advances | **228,439** | 242,444 | **8,429** | 2,258 |
| | **15,659,116** | 10,516,636 | **100,878,842** | 110,867,182 |
| Allowance for impairment | **(3,672)** | (406,733) | **–** | – |
| Other receivables, net | **15,655,444** | 10,109,903 | **100,878,842** | 110,867,182 |
| | | | | |
| **Total trade and other receivables** | **91,057,688** | 73,665,537 | **101,042,810** | 118,263,712 |
| Add: Cash and bank balances (Note 21) | **25,044,868** | 26,915,281 | **599,922** | 97,241 |
| Less: Deposits for purchase of property, plant and equipment and raw materials | **(13,151,012)** | (8,396,671) | **–** | – |
| Less: Prepayments | **(854,547)** | (570,742) | **(29,159)** | – |
| **Total loans and receivables** | **102,096,997** | 91,613,405 | **101,613,573** | 118,360,953 |

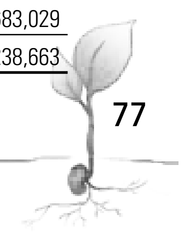
### (a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are on cash and credit basis. The Group's normal trade credit terms range from 30 to 90 days (2011: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non interest bearing.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Neither past due nor impaired | **54,886,407** | 46,097,216 |
| 1 to 30 days past due not impaired | **16,227,769** | 14,816,538 |
| 31 to 60 days past due not impaired | **3,208,289** | 2,098,496 |
| 61 to 90 days past due not impaired | **616,915** | 416,244 |
| More than 91 days past due not impaired | **462,864** | 127,140 |
| | **20,515,837** | 17,458,418 |
| Impaired | **121,825** | 683,029 |
| | **75,524,069** | 64,238,663 |



## 18. Trade and other receivables (cont'd)

### (a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The majority of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM20,515,837 (2011: RM17,458,418) that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movements of the allowance accounts used to record the impairment are as follows:

| | **Group** | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | RM |
| At 1 May | **683,029** | 709,867 |
| Charge for the year/ (reversal of impairment losses) | **79,066** | (25,357) |
| Written off | **(640,247)** | (1,596) |
| Exchange difference | **(23)** | 115 |
| At 30 April | **121,825** | 683,029 |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Other receivables

The Group's other receivables that are individually impaired at the reporting date and the movements of the allowance accounts to record the impairment are as follows:

| | **Group** | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| At 1 May | **406,733** | 414,745 |
| Reversal of impairment losses | **(540)** | - |
| Written off | **(402,521)** | (8,012) |
| At 30 April | **3,672** | 406,733 |

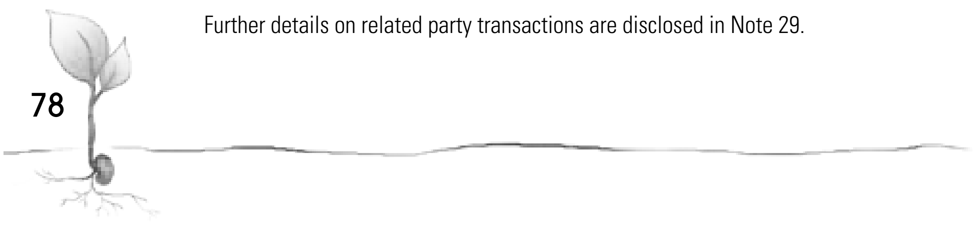
Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (c) Amounts due from subsidiaries

The amounts due from subsidiaries included under trade receivables comprise management fees which are unsecured, interest-free and within the credit term.

The amounts due from subsidiaries included under other receivables comprise unsecured advances, bearing interest at 3.31% - 8.10% (2011: 3.31% - 7.80%) per annum which are repayable upon demand.

Further details on related party transactions are disclosed in Note 29.



## 19. Tax recoverable

Included in the tax recoverable of the Group are additional tax liabilities and penalties paid to the Inland Revenue Board of RM2,234,148 (2011: RM1,179,520) arising from the field audit as disclosed in Note 10.

## 20. Derivative assets

| | Group | |
|---|---|---|
| | Notional Amount<br>RM | Derivative Assets<br>RM |
| Non-hedging derivatives: | | |
| 2012: | | |
| Forward currency contracts | 30,559,141 | 241,323 |
| 2011: | | |
| Forward currency contracts | 25,048,064 | 101,388 |

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are mainly used to hedge the Group's sales and purchases denominated in USD and SGD for which firm commitments existed at the reporting date.

During the financial year, the Group recognised a gain of RM139,935 arising from fair value changes of derivative assets and liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 31.

## 21. Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | **2012**<br>**RM** | 2011<br>RM | **2012**<br>**RM** | 2011<br>RM |
| Cash on hand and at banks | **17,140,868** | 17,163,281 | **599,922** | 97,241 |
| Deposits with licensed banks | **7,904,000** | 7,952,000 | **–** | – |
| Short-term placements with licensed banks | **–** | 1,800,000 | **–** | – |
| | **25,044,868** | 26,915,281 | **599,922** | 97,241 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits and short-term placements are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The interest rates range as at 30 April 2012 for the Group was 1.5% - 2.5% per annum.

## 22. Loans and borrowings

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| **Current** | | |
| Obligations under finance leases (Note 30) | – | 25,478 |
| | | |
| Unsecured: | | |
| Bankers' acceptances | **42,200,000** | 51,600,000 |
| Export credit refinancing | **1,164,000** | 9,041,000 |
| Term loans | **14,100,595** | 7,283,017 |
| Onshore foreign currency loan | **8,226,183** | – |
| | **65,690,778** | 67,924,017 |
| | **65,690,778** | 67,949,495 |
| | | |
| **Non-current** | | |
| Unsecured: | | |
| Term loans | **35,167,068** | 9,000,000 |
| | | |
| **Total loans and borrowings** | **100,857,846** | 76,949,495 |

The remaining maturities of the loans and borrowings as at 30 April are as follows:

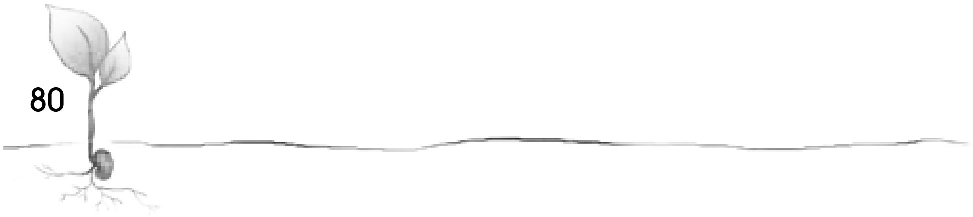
| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| On demand or within 1 year | **65,690,778** | 67,949,495 |
| More than 1 year and less than 2 years | **14,000,016** | 3,000,000 |
| More than 2 years and less than 5 years | **21,167,052** | 6,000,000 |
| | **100,857,846** | 76,949,495 |

At the reporting date, the applicable interest rates per annum are as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **%** | **%** |
| **Fixed rate:** | | |
| Obligations under finance leases | – | 3.76 |
| Term loans | **4.60 - 5.45** | 4.60 - 5.45 |
| | | |
| **Floating rate:** | | |
| Bankers' acceptances | **3.38 - 3.59** | 2.73 - 3.33 |
| Export credit refinancing | **3.65** | 3.25 - 3.40 |
| Term loans | **5.05 - 5.40** | – |
| Onshore foreign currency loan | **1.28 - 1.84** | – |

The bank borrowings are secured by the following:

- Corporate guarantees from the Company for RM295,800,000 (2011: RM155,300,000); and
- Negative pledge over the assets of certain subsidiaries.



## 23. Retirement benefit obligations

A subsidiary operates an unfunded defined benefit plan for its eligible employees, as provided under the agreement between the subsidiary and the 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% - 4.5% of final salary on attainment of the retirement age of 55.

The amount recognised at the reporting date represents the present value of the unfunded defined benefit obligations, analysed as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Current | **46,240** | 36,007 |
| Non-current | **1,105,471** | 993,957 |
| | **1,151,711** | 1,029,964 |

The amounts recognised in profit or loss are as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Current service cost | **172,112** | 140,998 |
| Interest cost | **150,359** | 118,344 |
| Total, included in employee benefits expense (Note 6) | **322,471** | 259,342 |

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

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| At 1 May | **1,029,964** | 897,860 |
| Amounts recognised in profit or loss (Note 6) | **322,471** | 259,342 |
| Contributions paid | **(200,724)** | (127,238) |
| At 30 April | **1,151,711** | 1,029,964 |

Principal actuarial assumptions used:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **%** | **%** |
| Discount rate | **5.75** | 7.00 |
| Expected rate of salary increases | **7.00** | 7.00 |

## 24. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2012**<br>**RM** | **2011**<br>**RM** | **2012**<br>**RM** | **2011**<br>**RM** |
| **Trade payables** | **23,659,718** | 24,749,543 | **417,780** | – |
| **Other payables** | | | | |
| Due to directors | **376,213** | 289,413 | **375,283** | 288,486 |
| Due to subsidiaries | **–** | – | **1,350** | 1,351,649 |
| Accrual for payroll related expenses | **10,542,673** | 9,894,494 | **2,382,537** | 2,353,330 |
| Indirect taxes and other statutory payables | **5,390,183** | 4,468,747 | **75,361** | 68,839 |
| Accruals of expenses | **10,999,613** | 8,577,859 | **151,940** | 258,716 |
| Sundry payables | **6,816,166** | 6,339,648 | **–** | – |
| | **34,124,848** | 29,570,161 | **2,986,471** | 4,321,020 |
| **Total trade and other payables** | **57,784,566** | 54,319,704 | **3,404,251** | 4,321,020 |
| Add: Loans and borrowings (Note 22) | **100,857,846** | 76,949,495 | **–** | – |
| Less: Non contractual payroll related expenses | **(4,632,410)** | (5,108,630) | **(1,656,913)** | (1,699,645) |
| Less: Indirect taxes and other statutory payables | **(4,399,455)** | (3,608,340) | **–** | – |
| **Total financial liabilities carried at amortised cost** | **149,610,547** | 122,552,229 | **1,747,338** | 2,621,375 |

### (a) Trade payables

The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2011: 30 to 90 days).

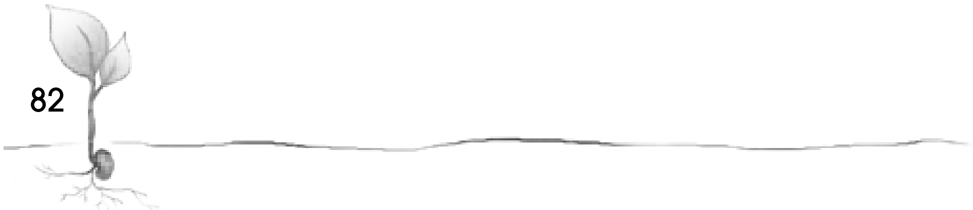
Included in the trade payables in prior year was RM7,100 payable to Jin Teik Organic Health Food Sdn. Bhd., a company connected to certain directors of the Group and the Company. Further details on related party transactions are disclosed in Note 29.

### (b) Other payables

The amounts due to directors represent payroll related expenses and advances from the directors of the Company and its subsidiaries. The amounts due are interest free and repayable upon demand.

### (c) Amounts due to subsidiaries

These amounts are unsecured, charged at the prevailing market interest rates and are repayable on demand.



## 25. Share capital

| | Number of ordinary shares of RM0.10 each | | Amount | |
|---|---|---|---|---|
| | Share capital (Issued and fully paid) | Treasury shares | Share capital (Issued and fully paid) RM | Treasury shares RM |
| At 1 May 2010 | 1,123,200,000 | (19,000) | 112,320,000 | (11,360) |
| Purchase of treasury shares | – | (20,000) | – | (11,496) |
| At 30 April 2011 and 1 May 2011 | 1,123,200,000 | (39,000) | 112,320,000 | (22,856) |
| Purchase of treasury shares | – | (20,000) | – | (10,445) |
| At 30 April 2012 | 1,123,200,000 | (59,000) | 112,320,000 | (33,301) |

| | Number of ordinary shares of RM0.10 each | | Amount | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 RM | 2011 RM |
| **Authorised share capital** | **2,500,000,000** | 2,500,000,000 | **250,000,000** | 250,000,000 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 20,000 (2011: 20,000) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM10,445 (2011: RM11,496) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

## 26. Other reserves

| | Non-distributable | | | |
|---|---|---|---|---|
| | Asset revaluation reserve RM | Foreign currency translation reserve RM | Hedging reserve RM | Total RM |
| **Group** | | | | |
| At 1 May 2010 | 19,999,467 | 17,903 | – | 20,017,370 |
| Effects of adopting FRS 139 | – | – | (1,540,414) | (1,540,414) |
| | 19,999,467 | 17,903 | (1,540,414) | 18,476,956 |
| Foreign currency translation | – | 369,023 | – | 369,023 |
| Loss arising during the year | – | – | 117,225 | 117,225 |
| Reclassification adjustments for capitalisation in the property, plant and equipment | – | – | 1,423,189 | 1,423,189 |
| At 30 April 2011 and 1 May 2011 | 19,999,467 | 386,926 | – | 20,386,393 |
| Foreign currency translation | – | 119,806 | – | 119,806 |
| Revaluation of land and building | 22,135,136 | – | – | 22,135,136 |
| At 30 April 2012 | 42,134,603 | 506,732 | – | 42,641,335 |

## 26. Other reserves (cont'd.)

The nature and purpose of each category of reserve are as follows:

### (a) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

### (b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

### (c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date. Also recorded here as a separate component, is the effective portion of the gain or loss on hedging instruments in cash flow hedges.

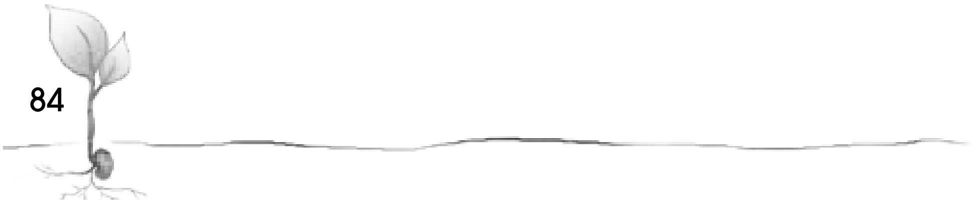
## 27. Retained profits

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 30 April 2012 and 2011 under the single tier system.

## 28. Dividends

| | **Dividend recognised in the year** | | **Net dividend per share** | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **Sen** | **Sen** |
| In respect of the financial year ended 30 April 2012: | | | | |
| Single tier interim dividend of 14.5% paid on 20 April 2012 | **16,285,544** | – | **1.45** | – |
| In respect of the financial year ended 30 April 2011: | | | | |
| Single tier final dividend of 14.5% paid on 18 October 2011 | **16,285,690** | – | **1.45** | – |
| Single tier interim dividend of 14.5% paid on 15 April 2011 | | 16,285,835 | | 1.45 |
| In respect of the financial year ended 30 April 2010: | | | | |
| Single tier final dividend of 14.5% paid on 30 September 2011 | | 16,285,979 | **–** | 1.45 |
| | **32,571,234** | 32,571,814 | **2.90** | 2.90 |

The directors do not recommend the payment of final dividend in respect of the financial year ended 30 April 2012.



## 29. Related party disclosures

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Purchase of health supplement (trading goods) from Jin Teik Organic Health Food Sdn. Bhd., a company connected to certain directors of the Group and the Company | **76,684** | 104,904 |

| | | Company | |
|---|---|---|---|
| | | **2012** | **2011** |
| | | **RM** | **RM** |
| Advances to/(repayment) from subsidiaries, net | | **4,308,850** | (19,505,173) |
| Management fee paid/payable to a subsidiary | (i) | **92,139** | 93,617 |
| Management fees received/receivable from subsidiaries | (i) | **6,514,594** | 7,396,530 |
| Dividend income received/receivable from subsidiaries | | **16,100,000** | 29,700,000 |
| Interest income received/receivable from subsidiaries | | **3,602,003** | 3,423,534 |
| Rental paid to subsidiary | (i) | **43,200** | 43,200 |

(i) Management fees and rental paid were arrived at in accordance with prices negotiated between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 April 2012 are disclosed in Notes 18 and 24.

The remuneration of key management during the year were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM** | **RM** | **RM** | **RM** |
| Short term employee benefits | **4,014,700** | 3,827,925 | **3,221,566** | 3,006,362 |
| Post-employment benefit: | | | | |
| Defined contribution plan | **447,128** | 425,964 | **376,771** | 356,619 |
| | **4,461,828** | 4,253,889 | **3,598,337** | 3,362,981 |
| Included in the total key management personnel are: | | | | |
| Directors' remuneration | **4,461,828** | 4,253,889 | **3,598,337** | 3,362,981 |

## 30. Commitments

### (a) Capital commitments

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Capital expenditure: | | |
| Approved and contracted for: | | |
| Land and buildings | **1,757,606** | 4,611,985 |
| Plant and machinery | **13,446,953** | 572,319 |
| | **15,204,559** | 5,184,304 |

### (b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and machinery. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts. Certain contracts include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of 3 years. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities and the total of future aggregate minimum lease receipts expected to be received under non-cancellable leases, are as follows:

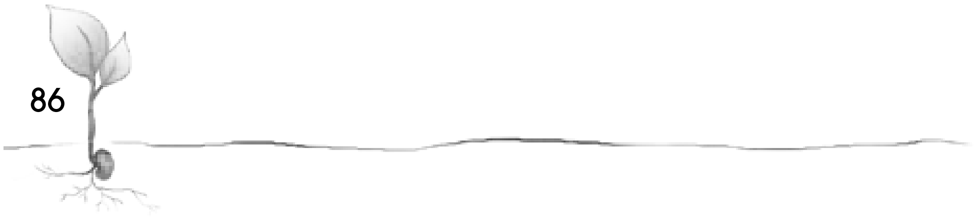
| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| Operating lease commitments payable: | | |
| Not later than 1 year | **178,296** | 335,901 |
| Later than 1 year and not later than 5 years | **277,536** | 10,432 |
| | **455,832** | 346,333 |

### (c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM** | **RM** |
| **Minimum lease payments:** | | |
| Not later than 1 year, representing total minimum lease payments | – | 25,698 |
| Less: Amounts representing finance charges | – | (220) |
| Present value of minimum lease payments | – | 25,478 |
| | | |
| **Present value of payments:** | | |
| Not later than 1 year, representing amount due within 12 months (Note 22) | – | 25,478 |



## 31. Fair value of financial instruments

### (a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of the financial instruments carried at fair value by level of fair value hierarchy:

| | Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **Group** | | | | |
| **At 30 April 2012** | | | | |
| **Financial asset/liabilities** | | | | |
| - Derivative assets (Note 20) | – | 241,323 | – | 241,323 |
| **At 30 April 2011** | | | | |
| **Financial asset/liabilities** | | | | |
| - Derivative assets (Note 20) | – | 101,388 | – | 101,388 |

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

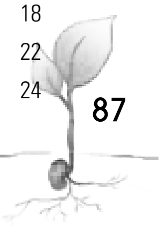
### (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | RM | RM | RM | RM |
| **Group** | | | | |
| Loans and borrowings | | | | |
| - Obligations under finance leases (Note 22) | – | – | 25,478 | 25,478 |
| - Term loans (Note 22) | 49,267,663 | 45,917,744 | 16,283,017 | 15,468,094 |

### (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Note |
|---|---|
| Trade and other receivables | 18 |
| Loans and borrowings (current) | 22 |
| Trade and other payables | 24 |



## 31. Fair value of financial instruments (cont'd.)

### (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from/(to) subsidiaries, staff loans, finance lease obligations and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

## 32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer and Financial Controller. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by limiting their associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reports.

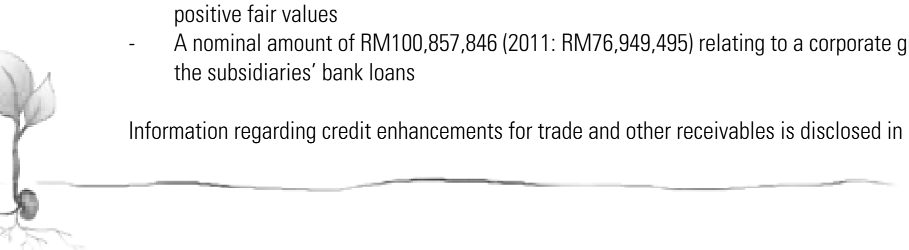
The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group Chief Executive Officer.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values
- A nominal amount of RM100,857,846 (2011: RM76,949,495) relating to a corporate guarantees provided by the Company to banks on the subsidiaries' bank loans

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18.



## 32. Financial risk management objectives and policies (cont'd)

### (a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

| | **2012** | | **2011** | |
|---|---|---|---|---|
| | **RM** | **%** | **RM** | **%** |
| **By country:** | | | | |
| Malaysia | **55,880,439** | **74** | 44,887,662 | 71 |
| Singapore | **13,522,092** | **18** | 13,286,129 | 21 |
| Other countries | **5,999,713** | **8** | 5,381,843 | 8 |
| | **75,402,244** | **100** | 63,555,634 | 100 |

| | **2012** | | **2011** | |
|---|---|---|---|---|
| | **RM** | **%** | **RM** | **%** |
| **By industry sector:** | | | | |
| Supermarket | **35,451,375** | **47** | 32,031,442 | 50 |
| Wholesale | **15,282,166** | **20** | 13,076,088 | 21 |
| Retail | **14,007,970** | **19** | 10,069,912 | 16 |
| Commercial/others | **10,660,733** | **14** | 8,378,192 | 13 |
| | **75,402,244** | **100** | 63,555,634 | 100 |

At the reporting date, approximately 24% of the Group's trade receivables were due from 6 major customers who are located in Malaysia and Singapore.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

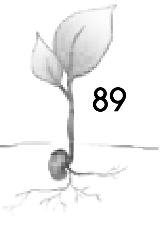
Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of available credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilitites of a reasonable level to its overall debt position. Furthermore, the Group is able to raise fund from both capital markets and financial institutions and balance its portfolio with combination of a mixture of short and long term fundings so as to achieve overall cost effectiveness.



## 32. Financial risk management objectives and policies (cont'd.)

### (b) Liquidity risk (cont'd.)

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | 2012 | | |
|---|---|---|---|
| | **On demand or within 1 year RM** | **1 to 5 years RM** | **Total RM** |
| **Group** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 57,784,566 | – | 57,784,566 |
| Loans and borrowings | 67,786,869 | 37,759,334 | 105,546,203 |
| Total undiscounted financial liabilities | 125,571,435 | 37,759,334 | 163,330,769 |
| | | | |
| **Company** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 3,404,251 | – | 3,404,251 |
| Total undiscounted financial liabilities | 3,404,251 | – | 3,404,251 |

| | 2011 | | |
|---|---|---|---|
| | **On demand or within 1 year RM** | **1 to 5 years RM** | **Total RM** |
| **Group** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 54,319,704 | – | 54,319,704 |
| Loans and borrowings | 68,549,871 | 9,672,489 | 78,222,360 |
| Total undiscounted financial liabilities | 122,869,575 | 9,672,489 | 132,542,064 |
| | | | |
| **Company** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 4,321,020 | – | 4,321,020 |
| Total undiscounted financial liabilities | 4,321,020 | – | 4,321,020 |

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Loans and borrowings at floating rates expose the Group to cash flow interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis point higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM38,693 lower/higher and RM75,199 higher/lower respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## 32. Financial risk management objectives and policies (cont'd.)

### (c) Interest rate risk (cont'd)

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax (through the impact on interest expense from floating rate loans and borrowings) and of the company's profit net of tax through the impact on interest income from floating rate advances to subsidaries.

| | | Group | Company |
|---|---|---|---|
| | | 2012 | 2012 |
| | Increase/ decrease in basis point | Effect on profit net of tax | Effect on profit net of tax |
| | | RM | RM |
| - Ringgit Malaysia | +10 | (38,693) | 75,199 |
| - Ringgit Malaysia | -10 | 38,693 | (75,199) |

### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM, Singapore Dollar ("SGD"), and Thai Baht ("THB"). The foreign currency in which these transactions are denominated is mainly USD.

Approximately 30% of the Group's sales are denominated in foreign currency whilst almost 22% of costs is denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM2,447,644 for the Group.

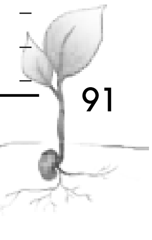
The Group requires all of its operating entities to use forward currency contracts to mitigate the currency exposures on any firm commitment for a sale or purchase.

During the year ended 30 April 2012, the Group hedged 14% of its foreign currencies denominated sales.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the various exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | | Group | Company |
|---|---|---|---|
| | | 2012 | 2012 |
| | | Profit net of tax | Profit net of tax |
| | | RM | RM |
| USD/MYR | - strengthened 5% (2011: 5%) | (581,521) | – |
| | - weakened 5% (2011: 5%) | 581,521 | – |
| SGD/MYR | - strengthened 5% (2011: 5%) | (82,867) | 7,782 |
| | - weakened 5% (2011: 5%) | 82,867 | (7,782) |
| THB/MYR | - strengthened 5% (2011: 5%) | 361,475 | – |
| | - weakened 5% (2011: 5%) | (361,475) | – |
| EUR/MYR | - strengthened 5% (2011: 5%) | (110,639) | – |
| | - weakened 5% (2011: 5%) | 110,639 | – |
| ZAR/MYR | - strengthened 5% (2011: 5%) | 287,332 | – |
| | - weakened 5% (2011: 5%) | (287,332) | – |



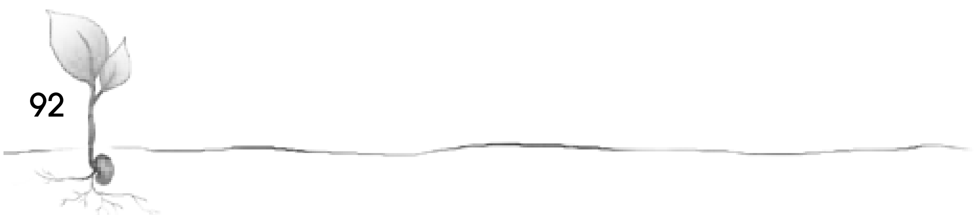
## 33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2012 and 30 April 2011.

The Group monitors capital using net gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the Group's net gearing ratio at a level deemed appropriate considering business, economic and investment conditions.

| | Group | |
|---|---|---|
| | **2012**<br>**RM** | **2011**<br>**RM** |
| Loans and borrowings (Note 22) | 100,857,846 | 76,949,495 |
| Less: Cash and bank balances (Note 21) | (25,044,868) | (26,915,281) |
| Net debt | 75,812,978 | 50,034,214 |
| Equity attributable to owners of the parent | 283,197,536 | 248,743,632 |
| **Capital and net debt** | 359,010,514 | 298,777,846 |
| **Gearing ratio** | 21% | 17% |



## 34. Segmental information

(a) Product segments:

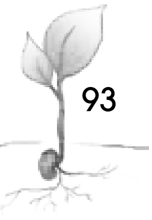
Prior to 1 May 2011, the Group presented its segmental information into major business segments namely the manufacturing segment and the trading segment. The directors decided that the growing importance of contributions from its personal care segment warrant a change in presentation of its segmental information. The segmental information is now organised into the Group's two core products namely the tissue products and personal care products so as to give a fairer presentation of the results and the financial position of the Group. Following this change, the corresponding items of segment information for the year ended 30 April 2011 have been restated accordingly in order to conform with current year's presentation.

The operations of the Group mainly consist of two main products, which are:

i. Tissue products such as toilet rolls, tissues and serviettes.

ii. Personal care products such as sanitary products, baby and adult diapers and cotton.

| **30 April 2012** | **Tissue<br>RM** | **Personal care<br>RM** | **Amalgamation<br>RM** | **Consolidated<br>RM** |
|---|---|---|---|---|
| Revenue | | | | |
| Revenue from external customers | 358,354,511 | 91,431,881 | 449,786,392 | 449,786,392 |
| **Results** | | | | |
| Segment results | 55,065,718 | 7,680,889 | 62,746,607 | 62,746,607 |
| Interest income | 261,662 | 19,929 | 281,591 | 281,591 |
| Operating profit | | | | 63,028,198 |
| Finance costs | | | | (3,487,848) |
| Profit before tax | | | | 59,540,350 |
| Income tax expense | | | | (14,759,709) |
| Profit net of tax | | | | 44,780,641 |
| **Assets and liabilities** | | | | |
| Segment assets | 386,052,630 | 75,022,302 | 461,074,932 | 461,074,932 |
| Unallocated assets: | | | | |
| Deferred tax assets | – | – | – | 291,539 |
| Tax assets | – | – | – | 2,622,485 |
| Consolidated total assets | | | | 463,988,956 |
| Segment liabilities | 45,144,433 | 13,791,844 | 58,936,277 | 58,936,277 |
| Unallocated liabilities: | | | | |
| Loans and borrowings | – | – | – | 100,857,846 |
| Tax liabilities | – | – | – | 936,652 |
| Deferred tax liabilities | – | – | – | 20,060,645 |
| Consolidated total liabilities | | | | 180,791,420 |
| Additions to non-current assets | 35,149,376 | 1,772,866 | 36,922,242 | 36,922,242 |
| Additions to land use rights | 4,625,000 | – | 4,625,000 | 4,625,000 |
| Depreciation | 19,346,179 | 2,786,253 | 22,132,432 | 22,132,432 |
| Amortisation of prepaid land lease payments | 8,400 | 11,805 | 20,205 | 20,205 |
| Non-cash expenses other than depreciation and impairment losses | (255,150) | 94,053 | (161,097) | (161,097) |



**34. Segmental information (cont'd.)**

(a) Product segments (cont'd.):

| 30 April 2011 | Tissue<br>RM | Personal care<br>RM | Amalgamation<br>RM | Consolidated<br>RM |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from external customers | 349,132,916 | 71,094,114 | 420,227,030 | 420,227,030 |
| Results | | | | |
| Segment results | 62,071,758 | 7,241,851 | 69,313,609 | 69,313,609 |
| Interest income | 106,955 | 5,834 | 112,789 | 112,789 |
| Operating profit | | | | 69,426,398 |
| Finance costs | | | | (2,300,197) |
| Profit before tax | | | | 67,126,201 |
| Income tax expense | | | | (15,063,523) |
| Profit net of tax | | | | 52,062,678 |
| **Assets and liabilities** | | | | |
| Segment assets | 332,385,401 | 63,241,303 | 395,626,704 | 395,626,704 |
| Unallocated assets: | | | | |
| Deferred tax assets | – | – | – | 565,511 |
| Tax assets | – | – | – | 4,232,496 |
| Consolidated total assets | | | | 400,424,711 |
| Segment liabilities | 45,659,440 | 9,690,228 | 55,349,668 | 55,349,668 |
| Unallocated liabilities: | | | | |
| Loans and borrowings | | | | 76,949,495 |
| Tax liabilities | | | | 1,164,453 |
| Deferred tax liabilities | | | | 18,217,463 |
| Consolidated total liabilities | | | | 151,681,079 |
| Additions to non-current assets | 32,108,467 | 6,729,215 | 38,837,682 | 38,837,682 |
| Depreciation | 18,464,148 | 2,262,976 | 20,727,124 | 20,727,124 |
| Amortisation of prepaid land lease payments | 8,400 | 11,805 | 20,205 | 20,205 |
| Non-cash expenses other than depreciation and impairment losses | 308,432 | (112,113) | 196,319 | 196,319 |

(b) Business segments:

The Group is organised into two major business segments:

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

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

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.

**34. Segmental information (cont'd.)**

(b) Business segments:

| 30 April 2012 | Manufacturing<br>RM | Trading<br>RM | Others<br>RM | Amalgamation<br>RM | Eliminations<br>RM | Consolidated<br>RM |
|---|---|---|---|---|---|---|
| **Revenue and expenses** | | | | | | |
| **Revenue** | | | | | | |
| Segment revenue | | | | | | |
| External sales | 78,724,212 | 371,062,180 | – | 449,786,392 | – | 449,786,392 |
| Inter-segment sales | 306,826,146 | 32,663,018 | 23,438,726 | 362,927,890 | (362,927,890) | – |
| Total revenue | 385,550,358 | 403,725,198 | 23,438,726 | 812,714,282 | (362,927,890) | 449,786,392 |
| **Results** | | | | | | |
| Segment results | 37,116,037 | 26,096,623 | (466,053) | 62,746,607 | – | 62,746,607 |
| Interest income | 99,504 | 179,637 | 2,450 | 281,591 | – | 281,591 |
| Operating profit | | | | | | 63,028,198 |
| Finance costs | | | | | | (3,487,848) |
| Profit before tax | | | | | | 59,540,350 |
| Income tax expense | | | | | | (14,759,709) |
| Profit net of tax | | | | | | 44,780,641 |
| **Assets and liabilities** | | | | | | |
| Segment assets | 354,099,313 | 105,283,173 | 1,692,446 | 461,074,932 | – | 461,074,932 |
| Unallocated assets: | | | | | | |
| Deferred tax assets | – | – | – | – | – | 291,539 |
| Tax assets | – | – | – | – | – | 2,622,485 |
| Consolidated total assets | | | | | | 463,988,956 |
| Segment liabilities | 40,978,905 | 14,834,483 | 3,122,889 | 58,936,277 | – | 58,936,277 |
| Unallocated liabilities: | | | | | | |
| Loans and borrowings | – | – | – | – | – | 100,857,846 |
| Tax liabilities | – | – | – | – | – | 936,652 |
| Deferred tax liabilities | | | | | | 20,060,645 |
| Consolidated total liabilities | | | | | | 180,791,420 |
| Additions to non-current assets | | | | | | |
| Capital expenditure | 35,102,273 | 2,593,063 | 661,563 | 38,356,899 | (1,434,657) | 36,922,242 |
| Additions to land use rights | 4,625,000 | – | – | 4,625,000 | – | 4,625,000 |
| Depreciation | 20,380,029 | 1,586,277 | 166,126 | 22,132,432 | – | 22,132,432 |
| Amortisation of land use rights | 20,205 | – | – | 20,205 | – | 20,205 |
| Non-cash expenses other than depreciation and impairment losses | (233,455) | 68,781 | 3,577 | (161,097) | – | (161,097) |

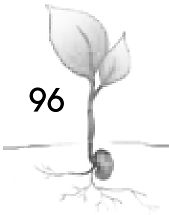
**34. Segmental information (cont'd.)**

(b) Business segments (cont'd.):

| 30 April 2011 | Manufacturing<br>RM | Trading<br>RM | Others<br>RM | Amalgamation<br>RM | Eliminations<br>RM | Consolidated<br>RM |
|---|---|---|---|---|---|---|
| **Revenue and expenses** | | | | | | |
| **Revenue** | | | | | | |
| Segment revenue | | | | | | |
| External sales | 73,674,453 | 346,552,577 | – | 420,227,030 | – | 420,227,030 |
| Inter-segment sales | 274,140,187 | 33,479,660 | 37,852,403 | 345,472,250 | (345,472,250) | – |
| Total revenue | 347,814,640 | 380,032,237 | 37,852,403 | 765,699,280 | (345,472,250) | 420,227,030 |
| **Results** | | | | | | |
| Segment results | 36,448,746 | 32,163,113 | 701,750 | 69,313,609 | – | 69,313,609 |
| Interest income | 55,876 | 56,179 | 734 | 112,789 | – | 112,789 |
| Operating profit | | | | | | 69,426,398 |
| Finance costs | | | | | | (2,300,197) |
| Profit before tax | | | | | | 67,126,201 |
| Income tax expense | | | | | | (15,063,523) |
| Profit net of tax | | | | | | 52,062,678 |
| **Assets and liabilities** | | | | | | |
| Segment assets | 299,137,254 | 95,943,880 | 545,570 | 395,626,704 | – | 395,626,704 |
| Unallocated assets: | | | | | | |
| Deferred tax assets | | | | | – | 565,511 |
| Tax assets | | | | | – | 4,232,496 |
| Consolidated total assets | | | | | | 400,424,711 |
| Segment liabilities | 39,150,788 | 13,096,480 | 3,102,400 | 55,349,668 | – | 55,349,668 |
| Unallocated liabilities: | | | | | | |
| Loans and borrowings | | | | | – | 76,949,495 |
| Tax liabilities | | | | | – | 1,164,453 |
| Deferred tax liabilities | | | | | | 18,217,463 |
| Consolidated total liabilities | | | | | | 151,681,079 |
| Additions to non-current assets | 35,312,202 | 3,499,451 | 26,029 | 38,837,682 | – | 38,837,682 |
| Depreciation | 19,202,196 | 1,414,690 | 110,238 | 20,727,124 | – | 20,727,124 |
| Amortisation of land use rights | 20,205 | – | – | 20,205 | – | 20,205 |
| Non-cash expenses other than depreciation and impairment losses | (50,915) | 251,737 | (4,503) | 196,319 | – | 196,319 |

Information about major customers

Revenue from six major customers amounts to RM142,331,602 (2011: RM135,883,991), arising from sales made by the trading segment.



### 34. Segmental information (cont'd.)

(c) Geographical segments:

The Group's operations are mainly located in Malaysia, except those of the subsidiaries in Singapore and Thailand. The customers for the manufacturing businesses are located worldwide, namely in Singapore and other countries such as Hong Kong, Brunei, Philippines, Africa, Australia, New Zealand and United States of America.

| | **Total revenue from external customers** | | **Segment assets** | | **Additions to non-current assets** | | **Additions to land use rights** | |
|---|---|---|---|---|---|---|---|---|
| | **2012 RM** | **2011 RM** | **2012 RM** | **2011 RM** | **2012 RM** | **2011 RM** | **2012 RM** | **2011 RM** |
| Malaysia | **309,394,690** | 283,347,325 | **433,124,251** | 367,555,423 | **36,572,360** | 38,469,734 | **4,625,000** | – |
| Singapore | **67,119,719** | 66,120,078 | **16,671,920** | 15,691,444 | **349,882** | 366,758 | **–** | – |
| Others * | **73,271,983** | 70,759,627 | **11,278,761** | 12,379,837 | **–** | 1,190 | **–** | – |
| Consolidated | **449,786,392** | 420,227,030 | **461,074,932** | 395,626,704 | **36,922,242** | 38,837,682 | **4,625,000** | – |

* Others mainly refer to countries such as Thailand, Hong Kong, Brunei, Philippines, Africa, Australia, New Zealand and the United States of America.

### 35. Significant and subsequent events

(a) On 5 July 2011, a wholly-owned sub-subsidiary of the Company, NTPM Paper Mill (Bentong) Sdn. Bhd. had entered into two (2) Conditional Sale and Purchase Agreements with Union Paper Industries Sdn Bhd (UPI) to acquire the assets from UPI at a total cash consideration of RM20,000,000 of which the final payment has been fully settled and the acquisition deemed completed on 20 January 2012. The assets acquired include four pieces of leasehold land together with industrial buildings, ancillary structures and machinery, all located at Mukim and District of Bentong, State of Pahang, bearing postal address of Lot 65, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang Darul Makmur.

(b) On 3 July 2012, a wholly-owned subsidiary of the Company, NTPM(Singapore) Pte. Ltd. had signed a Letter of Confirmation with Vietnam Singapore Industrial Park JV Co. Ltd. for a lease of a land measuring about 100,000 square metres in Vietnam Singapore Industrial Park ("VSIP") II in Vietnam for a total cash consideration of about US$4,950,000 which is equivalent to RM15,642,000 (based on exchange rate of USD1.00: RM3.16).

(c) A wholly-owned subsidiary of the Company, Nibong Tebal Paper Mill Sdn. Bhd. has acquired a five-acre site for approximately RM6 million in Sabah.

### 36. Authorisation of financial statements for issue

The financial statements for the year ended 30 April 2012 were authorised for issue in accordance with a resolution of the directors on 31 July 2012.

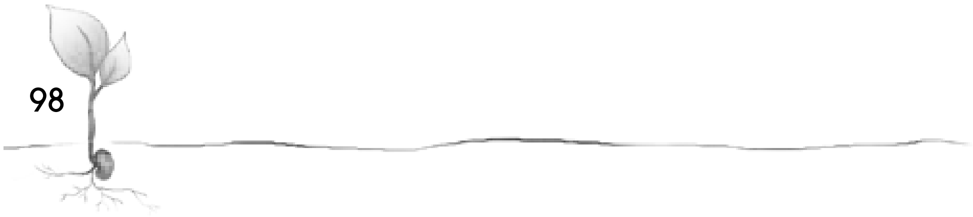
## 37. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits as at reporting date may be analysed as follows:

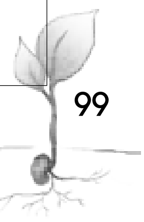
| | **Group 2012 RM** | **Company 2012 RM** |
|---|---:|---:|
| Total retained profits of the Company and its subsidiaries | | |
| - Realised | 116,688,303 | 7,482,939 |
| - Unrealised | (13,450,315) | 12,244 |
| Add: Consolidation adjustments | 25,031,514 | – |
| | 128,269,502 | 7,495,183 |

| | **Group 2011 RM** | **Company 2011 RM** |
|---|---:|---:|
| Total retained profits of the Company and its subsidiaries | | |
| - Realised | 107,909,618 | 21,795,642 |
| - Unrealised | (16,790,120) | 30,445 |
| Add: Consolidation adjustments | 24,940,597 | – |
| | 116,060,095 | 21,826,087 |



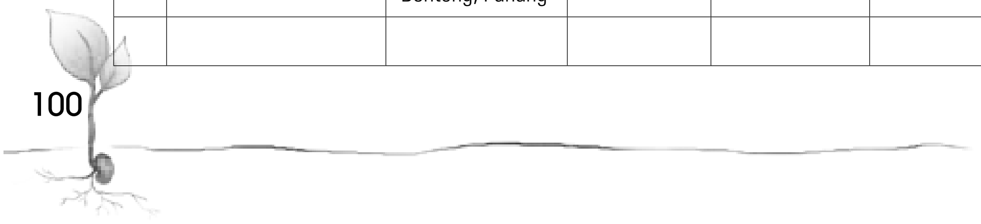
# LIST OF PROPERTIES

| | Location / Address | Description of property / Existing use | Land/Built-up Area (Sq.m.) | Approximate Age of Building (Year) | Tenure | Registered Owner | Market Value 30.4.2012 RM | Date of Valuation |
|---|---|---|---|---|---|---|---|---|
| 1 | Lot 109, Lot 609, Lot 808, Lot 811, Lot 1126, Lot 1127, Lot 1129, Lot 1131, Lot 1132, Lot 1133, Lot 1136, Lot 1139, Lot 810, Lot 958, Lot 959, Lot 1140, Lot 1143 Mukim 8, Seberang Perai Selatan, Penang. | All the Lots is utilised as paper mill and paper related manufacturing factory with exception of Lot 1127, Lot 1132, Lot 1140, Lot 958, Lot 959, Lot 1143 & Lot 810 which is currently vacant.<br>The entire factory is located at No. 886, Jalan Bandar Baru, Sungai Kecil, 14300 Nibong Tebal | 258,006/ 87,796 | Between 1 to 33 years | Freehold industrial land | NTPM | 74,382,700 | 30.4.2012 |
| 2 | Lot 642, Grant No. 2263, Mukim 8, Seberang Perai Selatan, Penang. | A parcel of agricultural land | 52,100 | – | Freehold agricultural land | NTPM | 1,290,000 | 30.4.2012 |
| 3 | Lot 5787, Pajakan Negeri No 41687, Mukim of Parit Buntar, District of Krian, Perak. | A factory complex with a gross built-up area of 3,100sq.m located at P.t.No 139, Kawasan Perusahaan Parit Buntar, which presently is utilised as manufacturing of cotton bud and facial cotton. | 4,165/ 3,120 | Between 2 to 16 | Leasehold industrial land for a term of 60 years expiring on 22.10.2047 | NTPM | 1,745,000 | 30.4.2012 |
| 4 | Lot 6292, Lot 6293, Lot 6294 & Lot 6295 Mukim 7, and Lot 794, G.M. 277, Mukim 8, Seberang Perai Selatan, Penang. | Lot 6293 & Lot 6295 - vehicle workshop building<br>Lot 794 - pump house<br>Lot 6292 & Lot 6294 are currently vacant. | 74,089/ 279 | Between 1 to 10 | Freehold industrial land except for Lot 794 which is a freehold agricultural land | NTPM | 8,600,000 | 30.4.2012 |
| 5 | H.S.(D) 224308 PTD No. 41665 Senai-Kulai, Johor Bahru, Johor. | An office and warehouse complex | 4,390/ 1,593 | 9 | Freehold land | NTPM | 1,750,000 | 30.4.2012 |



# LIST OF PROPERTIES (CONT'D)

| | Location / Address | Description of property / Existing use | Land/Built-up Area (Sq.m.) | Approximate Age of Building (Year) | Tenure | Registered Owner | Market Value 30.4.2012 RM | Date of Valuation |
|---|---|---|---|---|---|---|---|---|
| 6 | No 5, Jalan Tiang U8/93, Bukit Jelutong Industrial Park, Shah Alam, Selangor. | An office and warehouse complex | 10,000/ 5,950 | Between 2 to 7 | Freehold industrial land | NTPM | 15,780,000 | 30.4.2012 |
| 7 | Lot No 784, G.M.267,<br>Lot No 786, G.M.269,<br>Lot No 787, G.M.270,<br>Lot No 788, G.M.271,<br>Lot No 789, G.M.273,<br>Lot No 790, G.M.274,<br>Lot No 799, G.M.279,<br>Lot No 800, G.M.280,<br>Lot No 960, G.M.504,<br>Lot No 812, G.M.287,<br>Mukim 8, Seberang Perai Selatan, Penang | Vacant agriculture land except for the following :<br><br>Lot 784, Lot 786, Lot 787 & Lot 788 & Lot 960 is utilised as open storage yard for waste paper and material feed for boiler. | 116,529 | | Freehold land | NTPM | 3,763,000 | 30.4.2012 |
| 8 | Lot 7278, Pajakan Negeri, Mukim Parit Buntar, Daerah Kerian Perak | A personal care manufacturing factory, office & warehouse factory located at P.t. No 3688, Jln Perusahaan 3, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar | 16,192/ 12,417 | Between 3 to 4 | Leasehold industrial land for a term of 60 years expiring on 1.6.2050 | NTPC | 6,040,000 | 30.4.2012 |
| 9 | Lot 192, G.M. 423, Mukim Senai, Kulaijaya, Johor | Vacant industrial land | 21,094 | – | Freehold land | NTPM | 4,000,000 | 30.4.2012 |
| 10 | Lot 8389, Pajakan Negeri No Hakmilik 49664, Lot 8390, Pajakan Negeri No Hakmilik 49659, Lot 8391, Pajakan Negeri No Hakmilik 49656, Mukim Krubong, Daerah Melaka Tengah, Melaka. | An office and warehouse complex | 6,354/ 3,810 | 1 | Leasehold industrial land for a term of 99 years expiring on 24.11.2107 | NTPM | 5,065,000 | 30.4.2012 |
| 11 | H.S. (D) No. 10962, PT 11712, H.S. (D) No. 10963, PT 11713, H.S. (D) No. 4026, PT 4497, H.S. (D) No. 4041, PT 4512, Mukim and District of Bentong, Pahang. | Paper Mill and tissue manufacturing factory<br><br>The factory is located at Lot 65, Kawasan Perindustrian Bentong, 28700, Bentong, Pahang | 42,950/ 8,000 | 1 | Leasehold industrial land for a term of 66 years expiring in 08.04.2059 & 22.03.2053 | NTPM (Bentong) | 8,250,522 | 30.4.2012 |
| | | | | | | | 130,666,222 | |



# ANALYSIS OF SHAREHOLDINGS AS AT 31 JULY 2012

## SHARE CAPITAL

Authorised Capital : RM250,000,000.00
Issued and Fully Paid-Up Capital : RM112,320,000.00 consists of 1,123,200,000 ordinary shares of RM0.10 each
Class of Equity Securities : Ordinary shares of RM0.10 each ("Shares")
Voting Rights : One vote per Share

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

| No. of Holders | Holdings | Total Shareholdings | %# |
|---:|---|---:|---:|
| 39 | Less than 100 | 1,415 | * |
| 161 | 100 - 1,000 | 113,477 | 0.01 |
| 1,893 | 1,001 - 10,000 | 10,719,840 | 0.95 |
| 1,471 | 10,001 to 100,000 | 51,054,200 | 4.55 |
| 327 | 100,001 to less than 5% of issued shares | 469,582,164 | 41.81 |
| 4 | 5% and above of issued shares | 591,669,904 | 52.68 |
| 3,895 | | 1,123,141,000 | 100.00 |

# Based on the issued and paid up capital of the Company of RM112,320,000 comprising 1,123,200,000 Shares, excluding 59,000 treasury Shares retained by the Company .

* Negligible

## 30 LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same person)

| No. | Name | No. of Shares held | %# |
|---|---|---:|---:|
| 1 | LEE SEE JIN | 332,861,949 | 29.64 |
| 2 | LEE CHONG CHOON | 126,711,197 | 11.28 |
| 3 | LEMBAGA TABUNG HAJI | 74,209,480 | 6.61 |
| 4 | HDM NOMINEES (TEMPATAN) SDN BHD<br>[TEOH TEIK LIN] | 57,887,278 | 5.15 |
| 5 | HDM NOMINEES (TEMPATAN) SDN BHD<br>[KOTA BERAS SDN BHD] | 43,471,922 | 3.87 |
| 6 | B. T. TEOH HOLDINGS SDN. BHD. | 38,000,012 | 3.38 |
| 7 | TAN KEAT CHEW | 30,357,639 | 2.70 |
| 8 | HDM NOMINEES (TEMPATAN) SDN BHD<br>[TEOH TEIK KEE] | 20,400,014 | 1.82 |
| 9 | OOI KIM TEAN @ NG AH BA | 19,837,177 | 1.77 |
| 10 | UOBM NOMINEES (TEMPATAN) SDN BHD<br>[PLEDGED SECURITIES ACCOUNT FOR TEOH BOON BENG @ TEOH ENG KUAN] | 18,737,100 | 1.67 |
| 11 | WU, KUN-CHIN | 13,560,100 | 1.21 |
| 12 | NG INN BEO | 13,449,421 | 1.20 |
| 13 | TEOH BOON TEONG | 10,710,000 | 0.95 |
| 14 | GINNY TEOH CHOOI SEAN | 10,149,980 | 0.90 |
| 15 | TEOH PENG HEONG & SONS SDN. BHD. | 10,140,000 | 0.90 |
| 16 | HDM NOMINEES (TEMPATAN) SDN BHD<br>[TEOH BEE NEE] | 10,000,000 | 0.89 |
| 17 | HDM NOMINEES (TEMPATAN) SDN BHD<br>[TEOH YEW NEE] | 10,000,000 | 0.89 |
| 18 | TEOH TEIK LIN | 9,000,000 | 0.80 |
| 19 | KOTA BERAS SENDIRIAN BERHAD | 8,900,000 | 0.79 |
| 20 | TEOH HOOI NEE | 8,740,000 | 0.78 |
| 21 | HENG KIM NAM SDN. BHD. | 8,400,000 | 0.75 |
| 22 | WANGSA DANAU SDN BHD | 8,288,692 | 0.74 |
| 23 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD<br>[PLEDGED SECURITIES ACCOUNT FOR TEOH TEIK TOE] | 7,430,400 | 0.66 |

| No. | Name | No. of Shares held | %# |
|---|---|---|---|
| 24 | NG CHENG KEE | 7,088,079 | 0.63 |
| 25 | OOI YAN HUA | 6,129,945 | 0.55 |
| 26 | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>[CIMB BANK FOR LEE CHONG CHOON] | 5,400,000 | 0.48 |
| 27 | LEE ENG SUI | 4,084,000 | 0.36 |
| 28 | NG LAY SIN | 3,831,084 | 0.34 |
| 29 | NG LAY TUAN | 3,779,284 | 0.34 |
| 30 | ADDEEN CONSTRUCTION & SERVICES SDN BHD | 3,629,100 | 0.32 |

### SUBSTANTIAL SHAREHOLDERS

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

| | No. of Shares beneficially held | | | | |
|---|---|---|---|---|---|
| Name of Substantial Shareholders | Direct | %# | Indirect | %# | Note |
| Lee See Jin | 332,861,949 | 29.64 | 138,469,382 | 12.33 | a |
| Lee Chong Choon | 132,111,197 | 11.76 | – | – | |
| Teoh Teik Lin | 66,887,278 | 5.96 | 52,371,922 | 4.66 | b |
| Dato' Teoh Boon Beng @ Teoh Eng Kuan | 18,737,100 | 1.67 | 181,339,214 | 16.15 | c |
| Lembaga Tabung Haji | 74,373,480 | 6.62 | – | – | |

Notes :

a. Deemed interests through his spouse and children pursuant to Section 134 (12) of the Companies Act, 1965 ("the Act").

b. By virtue of his interest in Kota Beras Sendirian Berhad ("KBSB"), Teoh Teik Lin is deemed interested in the Shares of the Company to the extent that KBSB has an interest.

c. i) By virtue of his interest in KBSB and Teoh Peng Heong & Sons Sdn Bhd ("TPH"), Dato' Teoh Boon Beng @ Teoh Eng Kuan is deemed interested in the Shares of the Company to the extent that KBSB and TPH have an interest.
   ii) Deemed interests through his spouse and children pursuant to Section 134 (12) of the Act.

### DIRECTORS' SHAREHOLDINGS (DIRECT & INDIRECT)

| | No. of Shares beneficially held | | | | |
|---|---|---|---|---|---|
| Name of Directors | Direct | %# | Indirect | %# | Note |
| Dato' Teoh Boon Beng @ Teoh Eng Kuan | 18,737,100 | 1.67 | 181,339,214 | 16.15 | a |
| Lee See Jin | 332,861,949 | 29.64 | 138,469,382 | 12.33 | b |
| Lee Chong Choon | 132,111,197 | 11.76 | – | – | |
| Dr. Teoh Teik Toe | 7,430,400 | 0.66 | – | – | |
| Lim Han Nge | – | – | – | – | |
| Teoh Teik Lin<br>(Alternate Director to Dato' Teoh Boon Beng @ Teoh Eng Kuan) | 66,887,278 | 5.96 | 52,371,922 | 4.66 | c |
| Chang Kong Foo | – | – | 280,000 | 0.02 | d |

Notes :

a. i) By virtue of his interest in KBSB and TPH, Dato' Teoh Boon Beng @ Teoh Eng Kuan is deemed interested in the Shares of the Company to the extent that KBSB and TPH have an interest.
   ii) Deemed interests through his spouse and children pursuant to Section 134 (12) of the Act.

b. Deemed interests through his spouse and children pursuant to Section 134 (12) of the Act.

c. By virtue of his interest in KBSB, Teoh Teik Lin is deemed interested in the Shares of the Company to the extent that KBSB has an interest.

d. Deemed interests through his spouse and children pursuant to Section 134 (12) of the Act.

### INTERESTS IN THE RELATED CORPORATION

Dato' Teoh Boon Beng @ Teoh Eng Kuan and Mr. Lee See Jin, by virtue of their interests in Shares in the Company, are deemed interested in Shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in Shares in the Company or its related corporations.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth (16th) Annual General Meeting of NTPM Holdings Berhad ("the Company") will be held at Bukit Jawi Golf Resort, 691, Main Road, Sungai Bakap, 14200 Seberang Perai Selatan, Pulau Pinang on Friday, 21 September 2012 at 9.30 a.m. for the following purposes:-

## AGENDA

## AS ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the financial year ended 30 April 2012 together with the Reports of the Directors and Auditors thereon.

2. To re-elect Mr. Chang Kong Foo who retires in accordance with Article 133 of the Company's Articles of Association and being eligible, is offering himself for re-election. Resolution 1

3. To re-elect Dr. Teoh Teik Toe who retires in accordance with Article 133 of the Company's Articles of Association and being eligible, is offering himself for re-election. Resolution 2

4. To consider and, if thought fit, to pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965 as ordinary resolutions:-

   (i) "**THAT** Dato' 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 as Director of the Company and to hold office until the conclusion of next Annual General Meeting of the Company." Resolution 3

   (ii) "**THAT** Mr. Lee See Jin, 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 as Director of the Company and to hold office until the conclusion of next Annual General Meeting of the Company." Resolution 4

5. To approve the payment of Directors' fees of RM360,000 for the financial year ended 30 April 2012. Resolution 5

6. 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 6

## AS SPECIAL BUSINESS: -

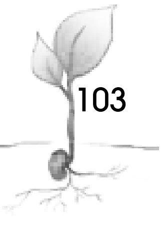
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   **Ordinary Resolution:-**
   **Proposed renewal of share buy-back authority for the Company to purchase its own ordinary shares of up to 10% of its issued and paid-up ordinary share capital ("Proposed Renewal of Share Buy-Back Mandate")**

   "**THAT,** subject to the Companies Act, 1965 ("the Act"), the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.10 each in the Company ("Shares") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

   (a) the aggregate number of Shares which may be purchased or held by the Company shall not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital for the time being of the Company, subject to a restriction that the Company continues to maintain a shareholding spread that is in compliance with the Main Market Listing Requirements of Bursa Securities after the Share Buy-Back;

   (b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares under the Proposed Renewal of Share Buy-Back Mandate shall not exceed the share premium account and/or retained profits of the Company for the time being;



**AS SPECIAL BUSINESS (cont'd): -**

(c) authority conferred by this resolution shall commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the expiration of the period within which the next AGM after the date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first; but not so as to prejudice the completion of purchase(s) by the Company of the Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(d) upon completion of the purchase(s) of the Shares by the Company, authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either to cancel the Shares so purchased and/or to retain the Shares so purchased as treasury shares and if retained as treasury shares, may resell the treasury shares and/or to distribute as share dividends to shareholders in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force;

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Mandate with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Shares." Resolution 7

By Order of the Board,

**THUM SOOK FUN**
(MIA 24701)
Company Secretary

Penang
Dated: 30 August 2012

***Explanatory Note to Special Business:***

**Resolution 7 - Proposed Renewal of Share Buy-Back Mandate**

The Resolution No. 7 above, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid-up share capital at any point of time, by utilising the funds allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

**For further details on the Resolution 7, please refer to the Share Buy-Back Statement dated 30 August 2012, which is dispatched together with the Company's Annual Report 2012.**

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. In respect of deposited securities, only members whose name appears on the Record of Depositors as at 14 September 2012 shall be entitled to attend, speak and vote at the Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint at least one (1) proxy to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. A proxy may but does not need to 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. Notwithstanding this, a member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized 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 authorized.

6. 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 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

**The Directors standing for election are as follows:-**
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at this forthcoming 16th Annual General Meeting.

# PROXY FORM

| | |
|---|---|
| No. of shares held | |

*I/We ______________________________ NRIC/ Passport No. ____________________
(Full Name in Capital Letters)

of ______________________________________________________________
(Full Address)

being a *member/members of **NTPM HOLDINGS BERHAD** ("the Company") hereby appoint ______________________
(Full Name in Capital Letters)

NRIC/ Passport No. ____________________of ______________________________
(Full Address)

______________________________________________________________

or failing him, ______________________________ NRIC/ Passport No. ____________________
(Full Name in Capital Letters)

of ______________________________________________________________
(Full Address)

or the Chairman of the meeting, as *my/our proxy to vote in *my/our name(s) on *my/our behalf at the Sixteenth (16th) 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, 21 September 2012 at 9.30 a.m. and at any adjournment thereof.

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

| **AGENDA** | | | |
|---|---|---|---|
| To receive the Audited Financial Statements for the financial year ended 30 April 2012 together with the Reports of the Directors and Auditors thereon. | | | |
| **RESOLUTIONS** | | **For** | **Against** |
| 1. | To re-elect Mr. Chang Kong Foo as Director of the Company pursuant to Article 133 of the Company's Articles of Association. | | |
| 2. | To re-elect Dr. Teoh Teik Toe as Director of the Company pursuant to Article 133 of the Company's Articles of Association. | | |
| 3 | To re-appoint Dato' Teoh Boon Beng @ Teoh Eng Kuan as Director pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 4. | To re-appoint Mr. Lee See Jin as Director pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 5. | To approve the payment of Directors' fees of RM360,000 for the financial year ended 30 April 2012. | | |
| 6. | To re-appoint Messrs. Ernst & Young as Auditors for the ensuing year and to authorize the Directors to fix their remuneration. | | |
| 7. | To approve the Proposed Renewal of Share Buy-Back Mandate. | | |

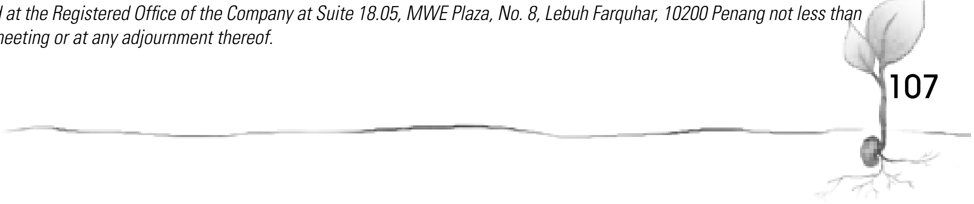
* strike out whichever not applicable.

Signed this ________ day of ______________________, 2012.

______________________________
Signature of Shareholder / Common Seal

***Notes:***

1. *In respect of deposited securities, only members whose name appears on the Record of Depositors as at 14 September 2012 shall be entitled to attend, speak and vote at the Meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint at least one (1) proxy to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *A proxy may but does not need to 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. Notwithstanding this, a member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized 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 authorized.*
6. *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 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
7. *Any alteration should be initialed.*



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Stamp

**TO** **Company Secretary**
**NTPM Holdings Berhad** (384662-U)
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 Penang, Malaysia

Fold here

**OUR BRANDS:-**

PREMIER®

Cutie®

Royal Gold®

CONV™

INTIMATE®

DIAPEX™

ecoworld™

**NTPM HOLDINGS BERHAD** (384662-U)

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: marketing@ntpm.com.my