



NWP HOLDINGS BERHAD
2003 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Encik Majid Bin Mat Lazim	<i>(Executive Chairman)</i>
Mr Chang Ah Ngau	<i>(Managing Director)</i>
Mr Wong See Ming	<i>(Executive Director)</i>
Encik Mohd. Zahiri Bin Dato' Haji Maulud	<i>(Independent Non-Executive Director)</i>
Mr Lee Khim Sin	<i>(Independent Non-Executive Director)</i>

AUDIT COMMITTEE

Mr Lee Khim Sin	<i>(Chairman) (Independent Non-Executive Director)</i>
Encik Mohd. Zahiri Bin Dato' Haji Maulud	<i>(Member) (Independent Non-Executive Director)</i>
Mr Chang Ah Ngau	<i>(Member) (Managing Director)</i>

COMPANY SECRETARY

Mohd Zakie Bin Soad (LS 0008268)

REGISTERED OFFICE

Unit 1119, 11th Floor, Block A, Damansara Intan,
No. 1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.
Tel : 03-7118 2892/3 Fax : 03-7118 7799

PRINCIPLE PLACE OF BUSINESS

56Km, Jalan Kimanis, Beaufort Highway, Kimanis, P.O. Box 362, 89608 Papar, Sabah.

(Marketing Office)

2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor Darul Ehsan.
Tel : 03-5621 2988 Fax : 03-5621 1988

REGISTRARS

Signet Share Registration Services Sdn Bhd
11th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Tel : 03-2145 4337 Fax : 03-2142 1353

BANKERS

HSBC Bank Malaysia Berhad
56, Jalan Gaya,
88000 Kota Kinabalu, Sabah.

Affin Bank Berhad
20 & 22, Jalan 21/12, Seapark,
46300 Petaling Jaya, Selangor.

Malayan Banking Berhad
A73, Jalan Ahmad Shah,
28000 Temerloh, Pahang.

Public Bank Berhad
P.O. Box 162, Lot 8023,
Jalan Besar, 89600 Papar, Sabah.

AUDITORS

Yeap Cheng Chuan & Co.
Suite 609, Block C, Phileo Damansara 1, 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor.

SOLICITORS

Lee, Perara & Tan
55, Jalan Thambapillai, Brickfields, 50470 Kuala Lumpur.

STOCK EXCHANGE LISTING

Malaysia Securities Exchange Berhad ("MSEB")
Main Board

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Tiara Delima, Hotel Singgahsana Petaling Jaya, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 February 2004 at 9.00 a.m. for the following purposes: -

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 August 2003 together with the Reports of the Directors and Auditors thereon.----- **RESOLUTION 1**

2. To re-elect the following Directors retiring in accordance with Article 77 of the Company's Articles of Association: -
a) En Mohd. Zahiri Bin Dato' Haji Maulud----- **RESOLUTION 2**
b) Mr Lee Khim Sin ----- **RESOLUTION 3**
c) Mr Wong See Ming ----- **RESOLUTION 4**

3. To re-appoint Messrs. Yeap Cheng Chuan & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration. ----- **RESOLUTION 5**

4. **AS SPECIAL BUSINESS: -**
To consider and if thought fit, to pass the following Ordinary Resolution: -

Ordinary Resolution
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and to issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company for the time being". ----- **RESOLUTION 6**

5. To transact any other ordinary business of the Company for which due notice shall have been given.

By Order of the Board

MOHD ZAKIE BIN SOAD
(LS 0008268)
Secretary
Selangor Darul Ehsan
4 February 2004

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

5. Explanatory Note for the Special Business :-

The Ordinary Resolution proposed if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. This authority, unless revoked or varied by the shareholders of the Company in General Meeting will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph 8.28(2) of the Listing Requirements of Malaysia Securities Exchange Berhad (“MSEB”).

1. Place, date and time of the Annual General Meeting

Place : Tiara Delima, Hotel Singgahsana Petaling Jaya, Persiaran Barat,
Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan.

Date : 27 February 2004

Time : 9.00 a.m.

2. Name of individuals standing for re-election

En Mohd Zahiri Bin Dato’ Haji Maulud
Mr Lee Khim Sin
Mr Wong See Ming

In accordance to Article 77 of the Company’s Articles of Association and Paragraph 7.28(2) Part K of Chapter 7 of the MSEB Listing Requirements, En Mohd Zahiri Bin Dato’ Haji Maulud, Mr Lee Khim Sin and Mr Wong See Ming were to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Further details of Directors standing for re-election are set out in the Director’s Profile on pages 23 to 25 of this Annual Report.

3. Attendance at Board Meetings

During the last financial year ended 31 August 2003, there were four Board Meetings held. The details of attendance of each Director are as follows :

Name	No. of meetings attended
Encik Majid bin Mat Lazim	4 / 4
Mr Chang Ah Ngau	4 / 4
Mr Wong See Ming	4 / 4
Encik Mohd Zahiri bin Dato’ Haji Maulud	4 / 4
Mr Lee Khim Sin	4 / 4

4. Place, date and time of Board Meetings held during the financial year ended 31 August 2003

Meeting	Date	Time	Venue
4/2002	18/10/2002	11.00 a.m	No 63C, Jalan SS 21/60 Damansara Utama, 47400 Petaling Jaya Selangor Darul Ehsan
5/2002	23/12/2002	11.00 a.m	No 63C, Jalan SS 21/60 Damansara Utama, 47400 Petaling Jaya Selangor Darul Ehsan
1/2003	23/04/2003	11.00 a.m	2 nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam Selangor Darul Ehsan
2/2003	24/07/2003	11.00 a.m	2 nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam Selangor Darul Ehsan

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Financial Statements of the NWP Holdings Berhad for the financial year ended 31 August 2003.

FINANCIAL HIGHLIGHTS

The war between United States of America and Iraq and the SARS outbreak has resulted in drop in sales of moulded timber products. The increased competition from new suppliers from South America, China, Indonesia and New Zealand has resulted in depressed market prices. The business of the Company and its subsidiary for the financial year ended 31 August 2003 under review, had been marginally affected by seasonal or cyclical factors since timber operations are to a certain extent affected by weather conditions.

Amidst the adverse market condition and competitive market price, the Group still achieved a profit for the financial year 2003. The Group achieved a profit before tax of RM4.0 million against revenue of RM37.3 million compared to the previous financial year's results of a profit before tax of RM9.9 million on revenue of RM58.4 million.

OPERATION OVERVIEW

The Group's moulded timber product remains profitable and continues to contribute revenue. The Group diversified its products range into rubber wood based products to enhance its products range and simultaneously to reduce its risk on over dependence on tropical hardwood to cater to the different needs of the market, in its continuous effort to upgrade its competitive edge.

During the financial year, the Group invested upstream into veneer roll manufacturing with the aim to enhance and add value to its products and bring down costs for its operations.

DIVIDEND

In appreciation of the shareholders' continuous support for the Group, the Board rewarded the shareholders during the years with an interim tax exempt dividend of 10% or 10 sen per share, amounting to RM8,000,000 which was paid on 28 January 2003. The Board of Directors do not recommend the payment of a final dividend for the financial year ended 31 August 2003 to conserve cash for its operations.

PROSPECTS

The Group is continuously enhancing its efforts in implementing appropriate marketing strategies to diversify its market and cost reduction measures. The performance of the Group will depend largely on improvement of world demand, timber prices, log supply and the success of promoting moulded timber products in the new markets.

CORPORATE DEVELOPMENT

The Board of Directors at their meeting held on 29 December 2003 approved the subdivision of every one (1) existing ordinary share of par value RM1.00 each into four (4) ordinary shares of par value RM0.25 each in the share capital of the Company which is subject to the following approvals:-

- (i) the Securities Commission;
- (ii) the Malaysia Securities Exchange Berhad;
- (iii) the shareholders at an Extraordinary General Meeting; and
- (iv) any other relevant authorities.

The Company has retained Affin Merchant Bank Berhad to act as adviser for the proposed subdivision for the Company which is estimated to be completed sometimes in March 2004.

APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere thanks and appreciation to the Management and staff for their hard work and dedication towards bringing the Group to continuous growth and performance through a challenging year.

Lastly, I would like to thank our valued customers, bankers, business partners, relevant government authorities and shareholders for their continued strong support and confidence in the Group.

MAJID BIN MAT LAZIM

Chairman

AUDIT COMMITTEE REPORT

The Board of Directors of NWP Holdings Berhad is pleased to present the report of the Audit Committee of the Company for the financial year ended 31 August 2003.

MEMBERS

The Committee presently comprises the directors listed below.

<u>Name</u>	<u>Position</u>
Mr. Lee Khim Sin - appointed on 24 July 2000	Chairman (Independent Non-Executive Director)
En. Mohd. Zahiri Bin Dato' Haji Maulud - appointed on 24 July 2000	Member (Independent Non-Executive Director)
Mr. Chang Ah Ngau - appointed on 24 July 2000	Member (Managing Director)

TERMS OF REFERENCE

(1) COMPOSITION

The Audit Committee shall be appointed by the Board of Directors from amongst its members and shall comprise at least three Directors. The majority of the members of the Audit Committee shall be Independent Non-Executive Directors.

At least one member of the Audit Committee shall be a member of the Malaysia Institute of Accountants or a person approved under Section 15.10(1)(c)(ii) of the MSEB Listing Requirements. No alternate director shall be appointed as a member of the Audit Committee. The Chairman of the Audit Committee shall be elected from amongst the members and he shall be an Independent Non-Executive Director. If a member of the Audit Committee resigns or for any reason ceases to be a member which results in the number of members being less than the required number of three, the Board shall within two (2) months of that event, appoint such number of the new members as may be required to make up the minimum three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years. The Company Secretary shall be the Secretary of the Audit Committee.

(2) DUTIES AND RESPONSIBILITIES

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to corporate accounting and reporting practices of the Company and its subsidiaries and the sufficiency relating thereto. The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders thereby strengthening the confidence of the public in the Group's reported results.

The specific duties of the Audit Committee are as follows:-

- (a) To review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgement;
- (b) To review the external audit report on the financial statements;
- (c) To review with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system;
- (d) To discuss problems and reservations arising from the interim and final external audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary);
- (e) To review the external auditors' management letter and management's response thereto;
- (f) To review the quarterly announcements to the MSEB and year end financial statements before submission to the Board, focusing on:
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- (g) To review the financial statements with management and the external auditors prior to them being approved by the full Board;
- (h) To review interim financial information and press releases of financial content;
- (i) To review any significant transactions which are not a normal part of the Company's business;
- (j) To review any significant related party transactions that may arise within the Group;

- (k) To recommend to the Board of Directors the appointment or termination of the external auditors and the audit fee thereof;
- (l) Such other responsibilities as may be agreed to between the Audit Committee and the Board of Directors.

(3) AUTHORITY

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) To investigate any activity within its terms of reference and shall have unrestricted access to the external auditors and to all employees of the Group;
- (b) To have full and unrestricted access to information pertaining to the Group;
- (c) To have direct communications channels with the external auditors; and
- (d) To obtain external legal or other independent professional advice as necessary

Notwithstanding anything to the contrary therein, the Committee does not have executive powers and shall report to the Board of Directors on all matters recommended by the Committee pertaining to the Group.

(4) MEETINGS

The Audit Committee meets at least four (4) times a year although additional meetings may be convened as and when deemed necessary. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable at least seven (7) days prior to the meeting. The quorum for the meeting of the Committee shall be two (2) provided always that the majority of members present must be independent directors and any decision shall be by a simple majority.

Other Board members and employees may attend any of the Audit Committee meeting only at the Committee's invitation.

Minutes of each meeting, signed by the Chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings without any further proof of the fact stated thereof. The Secretary shall keep the minutes. Copies of the minutes shall be distributed to all members of the Audit Committee and the Board of Directors for information.

ATTENDANCE OF MEETINGS

During the financial year under review, four (4) audit committee meetings were held. The External Auditors have attended these meetings. The Company Secretary acted as the Secretary of the Committee and maintained the minutes of the meetings and circulated such minutes to all members of the Committee.

Date :

18 October 2002
23 December 2002
23 April 2003
24 July 2003

Audit Committee Members

Mr Lee Khim Sin
Encik Mohd Zahiri Bin Dato' Haji Maulud
Mr Chang Ah Ngau

Meetings Attended

4 out of 4 meetings
4 out of 4 meetings
4 out of 4 meetings

SUMMARY OF ACTIVITIES

The followings are the main activities undertaken by the Committee during the financial year under review in the discharge of its functions and duties:

- (a) Reviewed the Company and the Group's quarterly and annual financial reports and thereafter submitted them to the Board for considerations and approval;
- (b) Reviewed the related party transactions entered into by the Group and the disclosure of such transactions in the annual report of the Company;
- (c) Reviewed the reports of Management on its risk management;
- (d) Met with external auditors to discuss and consider the nature and scope of the audit, and significant changes and developments on accounting practices and standard issued by the MASB and IASB.

INTERNAL AUDIT FUNCTION

The internal audit department have been completely revamped and staffed by newly recruited qualified personnel during the financial year to ensure independence transparency and good corporate governance in compliance with current listing requirements as prescribed by the relevant authorities.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of NWP Holdings Berhad is pleased to report that throughout the financial year under review, it had generally practiced good corporate governance in directing and managing the business and affairs of NWP Holdings Berhad and its subsidiary company to enhance the business prosperity and support the continued growth of the Group as a long-term commitment to its shareholders and investors.

The Group endeavours to comply with all the key principles of the Malaysian Code on Corporate Governance (“the Code”) in an effort to observe high standards of transparency, accountability and integrity. The objective is to sustain optimal governance with conscientious accountability for continued effectiveness, efficiency and competitiveness of the Group.

Set out below are descriptions of how the Group has complied with the Best Practices set out in the Code throughout the twelve months ended 31 August 2003.

A) DIRECTORS

i) Board Composition

The Board currently has five (5) members, comprising two (2) Independent Non-Executive Directors and three (3) Executive Directors. The Company has complied with Clause 15.02 (1) of the MSEL Listing Requirements which stipulate that at least two directors or one-third of the Board of Directors, whichever is higher comprise of independent directors.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations and business development. The two Independent Non-Executive Directors, provide the support to complement the skills and experience of the Executive Directors. They offer the necessary independent judgement and objective for a sound and effective decision-making body to ensure that strategies are in the long-term interest of the Company.

A brief description of the background and profile of each Director is presented on pages 23 to 25 of this Annual Report.

ii) Board Meetings

During the year ended 31 August 2003, the Board met 4 times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and direction of the Group.

The Board of Directors' attendance record is as follows :-

	Date of Appointment	Date of Resignation	Attendance	% of Attendance
<u>EXECUTIVE DIRECTORS</u>				
Encik Majid Bin Mat Lazim	19-07-2000	-	4 / 4	100
Mr. Chang Ah Ngau	19-07-2000	-	4 / 4	100
Mr. Wong See Ming	29-01-2001	-	4 / 4	100
<u>INDEPENDENT NON-EXECUTIVE DIRECTORS</u>				
Encik Mohd. Zahiri Bin Dato' Haji Maulud	19-07-2000	-	4 / 4	100
Mr. Lee Khim Sin	19-07-2000	-	4 / 4	100

iii) Supply Of Information

Prior to each Board meeting, all Directors are provided with an agenda and a set of Board papers. The Board papers includes, among others:

- (a) Quarterly management report;
- (b) Board papers for issue requiring Board deliberations and approvals;
- (c) Minutes of meetings of all the committees of the Board.

All directors have access to the advice and services of the Company Secretary. The Directors also have access to any other information within the Group and may obtain from external auditors and other independent professionals advice, at the Company's expense in the furtherance of their duties.

iv) Board Duties And Responsibilities

The Board of Directors of NWP Holdings Berhad takes full responsibility for the performance of the Group. The Board maintains a sound system of internal control to safeguard the shareholders' investments and the Groups' assets.

The Board is responsible for the following :

- Reviewing and adopting a strategic plan for the Group.
- Overseeing the conduct of the Company's operations to evaluate whether the business is being properly managed.
- Identify principal risk and ensure the implementation of appropriate risk management system.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or shareholder communications policy for the Company.
- Reviewing the adequacy and integrity of the Company's internal control systems and management information system for compliance with applicable laws, regulations, rules, directives and guidelines.

v) Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Research Institute of Investment Analysts Malaysia ("RIIAM"). To keep abreast with developments in the capital markets and corporate scene, directors are encouraged to attend Continuous Education Programmes ("CEP") and seminars. To date the Board members have accumulated 16 CEP points each and are continuing to seek suitable seminars to ensure compliance with MSEB Practices Note No. 15/2003.

vi) Appointment And Re-election Of Directors

In accordance with Company's Articles of Association, all Directors who are appointed by the Board are subject to election by the shareholders at the Annual General Meeting ("AGM") subsequent to their appointment and one-third of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each AGM. All Directors are required to retire from office by rotation at least once every three (3) years and be eligible for re-election.

In accordance with Section 129 (6) of the Companies Act, 1965, the directors who are above seventy (70) years of age retire at every AGM and are subject to re-appointment by the shareholders of the Company.

B) DIRECTORS' REMUNERATION

The Board has adopted the objective as recommended by the Malaysian Code of Corporate Governance in determining the remuneration of directors. The aggregate remuneration of Directors paid by its subsidiary are categorised into following components :-

	Directors' Fees (RM'000)	Directors' Salaries, Emoluments & Allowances (RM'000)	Total (RM'000)
Executive Directors	-	200	200
Non-Executive Directors	42	200	42
Total	42	200	242

The remuneration of Directors of the Group classified into the respective bands are as follows:-

Range of Remuneration	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	1	2
RM50,001 to RM100,000	2	-

C) THE BOARD COMMITTEES

The following committees are established to assist the Board in the discharge of its fiduciary duties :-

Committee	Chaired by
i) Audit Committee	Independent Non-Executive Director
ii) Nomination Committee	Independent Non-Executive Director
iii) Remuneration Committee	Independent Non-Executive Director

i) Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report in pages 9 to 13 of the Annual Report.

ii) **Nomination Committee**

The Nomination Committee was established on 26 July 2001 and the members of the Nomination Committee are:-

Name	Designation
Lee Khim Sin	Chairman
Mohd Zahiri Bin Dato' Haji Maulud	Independent Non-Executive Director

The Nomination Committee has been set up to perform the following functions:-

- To recommend to the Board, suitable candidates for new appointment as director(s) to the Board (if and when necessary).
- To review regularly the Board's structure, size of composition and make recommendation to the Board, the required mix of skills and experience including core competencies which the Board requires, in order to function effectively and efficiently.
- To assess the existing Directors on-going basis, the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.

iii) **Remuneration Committee**

The Remuneration Committee was established on 26 July 2001 and the members of the Remuneration Committee are:

Name	Designation
Lee Khim Sin	Chairman
Mohd Zahiri Bin Dato' Haji Maulud	Independent Non-Executive Director
Wong See Ming	Executive Director

The Remuneration Committee has been set up to perform the following functions:-

- To recommend to the Board the remuneration framework for Executive Directors of the Group. The Executive Director on the committee abstains from deliberations in respect of his own remuneration.
- To assists the Board in ensuring the remuneration of Executive Directors reflects the responsibility, experience and commitment of the directors concerned.

D) **SHAREHOLDERS**

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Company business and operations.

The Annual General Meeting (“AGM”) of the Company represents the principal forum for dialogue and interaction between the shareholders and the Company. There is an open question and answer session in which shareholders may raise questions regarding the proposed resolutions at the meetings as well as on matters relating to the Group’s businesses and affairs.

Extraordinary General Meetings are held as and when shareholders’ approvals are required on specific matters and shareholders are notified of such meetings in accordance with the MSEB Listing Requirements.

The Shareholders who are unable to attend the General Meeting have the rights to appoint proxies to attend and vote on their behalf.

E) ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group’s position and prospect to shareholders via the annual financial statements and quarterly announcements.

The Board is responsible for ensuring the annual financial statements are prepared in accordance with the provision of the Companies Act 1965 and the applicable approved accounting standards in Malaysia. A statement by the Directors of their responsibilities in preparation of financial statement is set out in compliance with the Section 169 of the Companies Act, 1965.

The Board discusses and reviews the recommendations proposed by the Audit Committee prior to adoption of the financial statements of the Group and of the Company.

ii) Internal Control

The Directors acknowledge their overall responsibility for the Group’s system of internal control over both the financial and non-financial aspects of the Group’s activities. The Group is continuously looking into the adequacy and integrity of its system of internal control.

The Internal Control Statement of the Group is set out in pages 21 to 22 of the Annual Report.

iii) Relationship With Auditors

The Company has established transparent and appropriate relationship with the Company's auditors through the Audit Committee. The external auditors, Messrs Yeap Cheng Chuan & Co. has continued to report to members of the Company in respect of their findings of the Company's financial statements.

F) SANCTIONS AND/OR PENALTIES IMPOSED ON THE COMPANY AND ITS SUBSIDIARY, DIRECTORS OR MANAGEMENT BY THE RELEVANT REGULATORY BODIES

There were no material penalties imposed by the regulatory bodies on the Company and its subsidiary.

G) NON AUDIT FEES PAID TO EXTERNAL AUDITORS FOR THE FINANCIAL YEAR

There were no non audit fees paid to external auditors.

H) PROFIT ESTIMATES, FORECASTS OR PROJECTIONS

The Company did not release any profit estimates, forecast or projections during the financial year.

I) MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiary, involving Directors and major shareholders interest during the financial year.

J) UTILISATION OF PROCEEDS

During the year under review, there were no corporate proposals to raise funds by the Company.

K) STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors of the Company are required by the Companies Act, 1965 to prepare annual financial statements in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows for the financial year. The MSEB Listing Requirements impose a need for the Directors to issue a statement explaining their responsibility for preparing the annual financial statements.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 August 2003, the Group has adopted the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The statement which should be read in conjunction with the Report of the Auditors set out in pages 30 to 31 is made with a view of enabling shareholders to distinguish the respective responsibilities of the Directors and the auditors in relation to the financial statements.

L) COMPLIANCE WITH THE CODE

The Group has complied with the Code throughout the financial year ended 31 August 2003.

M) RELATED PARTY TRANSACTIONS

During the financial year ended 31 August 2003, the Company has received a dividend of RM8 million from its subsidiary, NWP Industries Sdn Bhd.

STATEMENT ON INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board recognises the importance of ensuring that a sound system of internal control is in place to safeguard the shareholders' investment and the Group's assets.

The Board acknowledges that the overall responsibility of maintaining a reliable system of internal control lies with them and is achieved through the process of reviewing the adequacy and integrity of the Company's internal control systems, information systems and monitoring for compliance with the applicable rules and regulations, directives, guidelines, internal policies and procedures.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The responsible executives play an important role in monitoring major business risks and appraising their financial objectives.

Internal evaluation reports were provided to the Directors for discussion during meetings. During the financial year, necessary actions were taken to resolve or overcome any potential unacceptable residual risks or commercial risk in the aspect of production, marketing and corporate planning etc. facing by the Group.

The Group's financial risk management policies and objectives are clearly defined to ensure adequate financial resources are available for the development of the Group's businesses whilst managing its risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out in the pages 46 to 47 of the Annual Report.

KEY ELEMENTS OF INTERNAL CONTROL

The Management structure of the Group is defined, with clear lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

Management accounts and reports are prepared monthly for effective monitoring and decision-making and also are discussed at the management meetings on a quarterly basis.

Effective reporting systems which expose significant variance against budget and plan are in place to monitor performance. Key variances are followed up by the Management and reported to the Board on a quarterly basis.

Senior Management and Heads of Departments who have many years of accumulated experience within the Group exercise a hands-on approach on the operational and financial affairs of the Company and Group.

The Board undertakes on-going reviews of the key commercial and financial risks facing the Group's business together with general risks of the Company.

CONCLUSION

There is no consequential material weaknesses identified during the year under review and as at the date of the annual report and financial statements. The Management has continuously reviewed and put in place appropriate action plans and measures to strengthen the Group's internal controls.

PROFILE OF BOARD OF DIRECTORS

MAJID BIN MAT LAZIM

Malaysian, aged 43, is the Executive Chairman of the Company, appointed to the Board of Directors on 19 July 2000.

He holds a Certificate of Wood Machining and Timber Moulding from Majlis Amanah Rakyat.

He has more than 19 years experience in the timber moulded and related business activities. He also specialises in machinery maintenance and quality control and is very experienced in checking and grading timber products.

Encik Majid is a director and shareholder of Sepang Heights Sdn Bhd, a major shareholder of the Company. He has no family relationship with any director of the Company; no conflict of interest with the Company and has no convictions for offences within the past ten years.

He does not sit in any Board Committee and has attended all the Board Meetings held in the financial year ended 31 August 2003.

CHANG AH NGAU

Malaysian, aged 53, is the Managing Director of the Company, appointed to the Board of Directors on 19 July 2000.

He has more than 20 years experience in the timber moulding and related business activities. He is very conversant with timber grading, kiln-drying and all aspects of profile moulding operations. As a businessman, he has been involved in construction, plantation and investment sectors.

Mr Chang is a director and shareholder of Cashflow Budget Sdn Bhd, a substantial shareholder of the Company. He has no family relationship with any director of the Company; no conflict of interest with the Company and has no convictions for offences within the past ten years.

He is a member of the Audit Committee of the Company and has attended all the Board and Audit Committee Meetings held in the financial year ended 31 August 2003.

WONG SEE MING

Malaysian, aged 37, is an Executive Director of the Company, appointed to the Board of Directors on 29 January 2001.

He obtained a Bachelor of Arts (Professional Accounting and Management Information System) Degree from the Eastern Washington University, United States of America.

He has more than 10 years experience in the timber moulding and related business activities. As a businessman, he is also involved in properties construction, manufacturing, plantation and investment sectors.

He currently sits on the Board of Bright Packaging Industry Berhad, a company listed on the Second Board of the MSEB, as a Non-Independent and Non-Executive Director. He is also an Independent Non-Executive Director of Cybertowers Berhad, the MESDAQ market of the MSEB.

Mr Wong See Ming holds 400,000 ordinary shares in the Company and is a director and shareholder of Sepang Heights Sdn Bhd, a major shareholder of the Company. He has no family relationship with any director of the Company; no conflict of interest with the Company and has no convictions for offences within the past ten years.

He is a member of the Remuneration Committee. He has attended all the Board Meetings of the Company since his appointment, held in the financial year ended 31 August 2003.

MOHD ZAHIRI BIN DATO' HAJI MAULUD

Malaysian, aged 45, is an Independent Non-Executive Director, appointed to the Board of Director on 19 July 2000.

He has an Honours Degree in Business Administration from Mara Institute of Technology.

He has more than 23 years experience in industries involved in timber products, retail, food, trading and manufacturing. He was a Director cum General Manager of Dewina Berhad, a company listed on the Second Board of the MSEB between 1992 to 1993 and is currently the Managing Director of Plus Eleven Sdn Bhd (a processed food manufacturer company). He also sits on the Board of Bright Packaging Industry Berhad, a company listed on the Second Board of the MSEB, as an Independent Non-Executive Director.

He has no family relationship with any director and major shareholder of the Company; no conflict of interest with the Company and has no convictions for offences within the past ten years.

He is a member of the Audit, Nominating and Remuneration Committees of the Company and has attended all the Board and Audit Committee Meetings of the Company held in the financial year ended 31 August 2003.

LEE KHIM SIN

Malaysian, aged 63, is an Independent Non-Executive Director of the Company, appointed to the Board of Directors on 19 July 2000.

He is a Chartered Accountant by profession. He graduated with a Bachelor of Arts Degree from Nanyang University, Singapore in 1962 and then qualified as Chartered Accountant in England in 1969. He is a Fellow of the Institute of Chartered Accountants of England and Wales and of the Malaysian Association of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is the Managing Partner of Hii & Lee (AF 0458), a firm of Chartered Accountants. Having been in the profession for more than 30 years, he has been closely involved in advising clients varying from small to multinational enterprises in the fields of corporate planning, management, mergers and acquisitions, investments and divestments of companies and businesses. He also sits on the Board of Unico Holdings Berhad (Company No. 70785-V).

He has no family relationship with any director and major shareholder of the Company; no conflict of interest with the Company and has no convictions for offences within the past ten years.

He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company and has attended all the Board and Audit Committee Meetings held in the financial year ended 31 August 2003.

DIRECTORS' REPORT

for the year ended 31st August, 2003

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31st August, 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary Company are manufacturing and selling of timber products. There have been no significant changes in the nature of these activities during the year.

RESULTS

	<u>GROUP</u> RM	<u>COMPANY</u> RM
Net profit for the year	4,030,942	7,938,835
Unappropriated profit brought forward	11,397,624	112,494
Profit available for appropriation	<u>15,428,566</u>	<u>8,051,329</u>
Dividend	<u>(8,000,000)</u>	<u>(8,000,000)</u>
Unappropriated profit carried forward	<u>7,428,566</u>	<u>51,329</u>

DIVIDENDS

During the financial year, the Company paid on interim dividend of 10%, tax exempt, amounting to RM8,000,000 in respect of the financial year ended 31st August, 2003.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would require any amount to be written off as bad debts or render the amount provided for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to realised in the ordinary course of business have been including their values as shown in the accounting records of the Group and of the Company have been written down to an amount that they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist :-

- (i) any charge on the assets of the Company or its subsidiary Company that has arisen since the end of the financial year and secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Company or its subsidiary Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company or its subsidiary Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company or its subsidiary Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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 that would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

ISSUE OF SHARES

During the financial year, no issue of shares was made by the Company.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS

The Directors in office since the date of the last report are :-

MAJID BIN MAT LAZIM
CHANG AH NGAU
MOHD ZAHIRI BIN DATO' HAJI MAULUD
LEE KHIM SIN
WONG SEE MING

In accordance with the Articles of Association, Mohd Zahiri Bin Dato' Haji Maulud, Lee Khim Sin and Wong See Ming retire from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors in office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interests in the shares of the Company and its related corporations are as follows :-

Number of Ordinary RM1/- Share.....			
	Balance 01.09.2002	Bought	Sold	Balance 31.08.2003
MAJID BIN MAT LAZIM				
- indirect*	43,913,999	-	-	43,913,999
CHANG AH NGAU				
- indirect**	50,713,999	-	-	50,713,999
WONG SEE MING				
- direct	400,000	-	-	400,000
- indirect*	43,913,999	-	-	43,913,999

* Held through Sepang Heights Sdn. Bhd. which owns 54.89% equity of the Company.

** Held through Sepang Heights Sdn. Bhd. and Cashflow Budget Sdn. Bhd. which own 54.89% and 8.50% respectively of the equity of the Company.

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the fees and emoluments as shown in Note 17 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transaction disclosed in Note to the financial statement.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

HOLDING COMPANY

The Directors regard Sepang Heights Sdn. Bhd., a Company incorporated in Malaysia, as the holding Company.

AUDITORS

The auditors, Messrs Yeap Cheng Chuan & Co., Chartered Accountants, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors
in accordance with the resolution of the Directors

CHANG AH NGAU
Managing Director

WONG SEE MING
Executive Director

Petaling Jaya,
Date : 29th December 2003

**REPORT OF THE AUDITORS TO THE MEMBERS OF
NWP HOLDINGS BERHAD (Incorporated in Malaysia)**

**FINANCIAL STATEMENTS
for the year ended 31st August, 2003**

We have audited the accompanying financial statements set out on pages 32 to 58. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion :-

- (a) the financial statements are properly drawn up in accordance with the provision of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :-
 - (i) the state of affairs of the Group and of the Company as at 31st August, 2003 and of the results and the cash flows of the Group and of the Company for the year ended on that date, and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary Company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary Company that have been consolidated with the Company's financial statements 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 these purposes.

The auditors' report on the financial statements of the subsidiary Company was not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

YEAP CHENG CHUAN & CO.
No. AF 0116
Chartered Accountants

YEAP CHENG CHUAN
No. 566/4/04 (J/PH)
Chartered Accountant

Petaling Jaya,
Date : 29th December 2003

CONSOLIDATED BALANCE SHEET
for the year ended 31st August, 2003

	Note	<u>2003</u> RM	<u>2002</u> RM
PROPERTY, PLANT & EQUIPMENT	4	44,803,218	39,047,822
CURRENT ASSETS			
Inventories	6	22,316,179	19,785,906
Receivables	7	16,600,005	20,405,197
Fixed deposits	8	9,110,744	-
Tax credit		2,255	-
Cash & bank balances		7,213,861	19,318,703
		55,243,044	59,509,806
Less :			
CURRENT LIABILITIES			
Payables	9	2,253,813	1,064,518
Bank borrowings	10	3,793,185	1,933,000
Hire purchase creditors	11	1,914	11,678
Taxation		-	129,934
		6,048,912	3,139,130
Net current assets		49,194,132	56,370,676
		93,997,350	95,418,498
Represented by :-			
SHARE CAPITAL	12	80,000,000	80,000,000
SHARE PREMIUM		4,018,960	4,018,960
REVALUATION RESERVE	13	2,549,824	-
UNAPPROPRIATED PROFIT		7,428,566	11,397,624
		93,997,350	95,416,584
HIRE PURCHASE CREDITORS	11	-	1,914
		93,997,350	95,418,498

The above consolidated balance sheet is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st August, 2003

	Note	Share <u>Capital</u> RM	Share <u>Premium</u> RM	Revaluation <u>Reserve</u> RM	Unappropriated <u>Profit</u> RM	<u>Total</u> RM
Balance at 1st September, 2001		60,000,000	4,018,960	-	21,215,781	85,234,741
Bonus issue		20,000,000	-	-	(20,000,000)	-
Net profit for the year		-	-	-	10,181,843	10,181,843
Balance at 31st August, 2002		80,000,000	4,018,960		11,397,624	95,416,584
Net profit for the year		-	-	-	4,030,942	4,030,942
Revaluation of leasehold land and buildings	13	-	-	2,549,824	-	2,549,824
Dividend	14	-	-	-	(8,000,000)	(8,000,000)
Balance at 31st August, 2003		80,000,000	4,018,960	2,549,824	7,428,566	93,997,350

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

CONSOLIDATED INCOME STATEMENT
for the year ended 31st August, 2003

	Note	<u>2003</u> RM	<u>2002</u> RM
Revenue	15	37,288,714	58,447,752
Cost of sales		<u>(31,663,589)</u>	<u>(47,428,138)</u>
Gross profit		5,625,125	11,019,614
Other operating income		146,169	776,952
Administrative expenses		(1,097,372)	(1,305,076)
Other operating expenses		(257,867)	(332,431)
Profit from operations		<u>4,416,055</u>	<u>10,159,059</u>
Finance cost	16	<u>(355,868)</u>	<u>(296,188)</u>
Profit before taxation	17	4,060,187	9,862,871
Taxation	18	(29,245)	(318,972)
Net profit for the year		<u><u>4,030,942</u></u>	<u><u>10,181,843</u></u>
Basic earnings per share (sen)	19	<u><u>5</u></u>	<u><u>13</u></u>
Fully diluted earnings per share		<u><u>-</u></u>	<u><u>-</u></u>

The above consolidated income statement is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st August, 2003

	<u>2003</u>	<u>2002</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,060,187	9,862,871
Adjustments for :-		
Allowance for doubtful debts	-	58,710
Depreciation of property, plant and equipment	3,513,514	3,050,779
Interest expense	355,868	296,160
Interest income	(146,169)	(741,863)
Gain on disposal of plant and equipment	-	(14,747)
Operating profit before working capital changes	<u>7,783,400</u>	<u>12,511,910</u>
Changes in inventories	(2,530,273)	(6,780,370)
Changes in receivables	3,805,192	(13,620,373)
Changes in payables	<u>1,189,295</u>	<u>36,550</u>
Cash generated from/(absorbed by) operations	10,247,614	7,852,283
Interest paid	(353,506)	(293,798)
Taxes paid	(121,434)	(37,533)
Net cash provided/(used) by operating activities	<u>9,772,674</u>	<u>(8,183,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,719,086)	(10,402,430)
Interest received	146,169	741,863
Proceeds from disposal of plant and equipment	-	573,650
Net cash used in investing activities	(6,572,917)	(9,086,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,362)	(2,362)
Dividend paid	(8,000,000)	-
Repayment of hire purchase creditors	(11,678)	(11,677)
Net cash used by financing activities	(8,014,040)	(14,039)

	<u>2003</u> RM	<u>2002</u> RM
Net decrease in cash and cash equivalents	(4,814,283)	(17,284,570)
Cash and cash equivalents brought forward	19,318,703	36,603,273
Cash and cash equivalents carried forward	<u>14,504,420</u>	<u>19,318,703</u>
 Represented by :-		
Cash & bank balances	7,213,861	19,318,703
Fixed deposits	9,110,744	-
Bank overdraft	(1,820,185)	-
	<u>14,504,420</u>	<u>19,318</u>

The above consolidated cash flow statement is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

BALANCE SHEET
for the year ended 31st August, 2003

	Note	<u>2003</u> RM	<u>2002</u> RM
INVESTMENT IN SUBSIDIARY COMPANY	5	91,667,342	91,733,342
CURRENT ASSETS			
Deposit & prepayment	7	5,550	4,900
Cash & bank balances		4,766	4,395
		10,316	9,295
Less :			
CURRENT LIABILITIES			
Payables	9	7,369	11,183
Net current assets/(liabilities)		2,947	(1,888)
		<u>91,670,289</u>	<u>91,731,454</u>
Represented by :-			
SHARE CAPITAL	12	80,000,000	60,000,000
SHARE PREMIUM		11,618,960	11,618,960
UNAPPROPRIATED PROFIT		51,329	112,494
		<u>91,670,289</u>	<u>91,731,454</u>

The above balance sheet is to be read in conjunction with the accompanying notes on the financial statements on pages 41 to 58.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st August, 2003

	Note	Share Capital RM	Share Premium RM	Unappropriated Profit RM	Total RM
Balance at 1st September, 2001		60,000,000	11,618,960	4,175	71,623,135
Bonus issue		20,000,000	-	(20,000,000)	-
Net profit for the year		-	-	20,108,319	20,108,319
Balance at 31st August, 2002		80,000,000	11,618,960	112,494	91,731,454
Net profit for the year		-	-	7,938,835	7,938,835
Dividends	14		-	(8,000,000)	(8,000,000)
Balance at 31st August, 2003		80,000,000	11,618,960	51,329	91,670,289

The above statement of changes in equity is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

INCOME STATEMENT
for the year ended 31st August, 2003

	Note	<u>2003</u> RM	<u>2002</u> RM
Revenue	15	8,000,000	20,200,000
Administrative expenses		(44,597)	(67,801)
Other operating expenses		(16,568)	(19,684)
Profit before taxation	17	<u>7,938,835</u>	<u>20,112,515</u>
Taxation	18	-	(4,196)
Net profit for the year		<u>7,938,835</u>	<u>20,108,319</u>
Basic earnings per share (sen)	19	<u>9</u>	<u>25</u>
Fully diluted earnings per share		<u>-</u>	<u>-</u>

The above income statement is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

CASH FLOW STATEMENT
for the year ended 31st August, 2003

	<u>2003</u> RM	<u>2002</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	7,938,835	20,112,515
Adjustment for :-		
Dividend income	(8,000,000)	(20,200,000)
Operating loss before working capital changes	(61,165)	(87,485)
Changes in receivables	(650)	(3,000)
Changes in payables	(3,814)	(2,291)
Cash absorbed by operation	(65,629)	(92,776)
Taxes paid	-	(4,196)
Net cash used by operating activities	(65,629)	(96,972)
CASH FLOWS FROM INVESTING ACTIVITY		
Dividend received	8,000,000	20,200,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from/(Advances to) subsidiary company	66,000	(20,107,995)
Dividend paid	(8,000,000)	-
Net cash used by financing activities	(7,934,000)	(20,107,995)
Net decrease in cash and cash equivalents	371	(4,967)
Cash and cash equivalents brought forward	4,395	9,362
Cash and cash equivalents carried forward	4,766	4,395
Represented by :-		
Cash & bank balances	4,766	4,395

The above cash flow statement is to be read in conjunction with the accompanying notes to financial statements on pages 41 to 58.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st August, 2003

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange.

The registered office of the Company is located at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 56 Km, Jalan Kimanis, Beaufort Highway, P.O. Box 362, 89608 Papar, Sabah. The marketing office of the Company is located at 2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiary Company are manufacturing and selling of timber products. There have been no significant changes in the nature of these activities during the year.

The financial statements of the Company are expressed in Ringgit Malaysia (RM).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by revaluation unless otherwise indicated in the accounting policies set out below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) **Subsidiary company**

A subsidiary company is a company in which the Company, directly or indirectly, controls more than half the voting power or issued share capital or controls the composition of the board of Directors.

The Company's interests in subsidiary company is stated at cost, and are written down when the Directors consider that there is a permanent impairment in value of such investments. Permanent impairment in value of such investments is recognised as an expense in the income statement of the financial year in which the impairment is identified.

(b) Subsidiary company (continue)

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to the income statement.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary company made up to the end of the financial year. All inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The subsidiary company is consolidated on the merger method of accounting. Under the merger method of accounting, the results of subsidiary company is accounted on a full year basis irrespective of the date of merger.

The difference between the nominal value of the shares issued as consideration for the merger and the nominal value of the share capital of the subsidiary company acquired is taken to capital reserves.

The financial statements of the subsidiary company is prepared for the same reporting period as the Company. In the preparation of the consolidated financial statements, the financial statements of the subsidiary company is adjusted for the effects of any dissimilar accounting policies.

(d) Property, Plant and Equipment

(i) Measurement Basis

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of property, plant and equipment comprise their purchase price and any directly attributable costs in bringing the property, plant and equipment to working condition.

Revaluations are made at least once every five years by an independent valuer on an open market basis. Any increase arising from valuation is credited to equity as a revaluation reserve. Any decrease in value is first offset against an increase on the earlier valuation in respect of the same property and is thereafter charged to the income statement. Upon the disposal of the revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Property, plant and equipment retired from active use and held for disposals are stated at the lower of net book value and net realisable value. Gain and loss on disposal of property, plant and equipment is determined by references to its carrying amount and is taken to the income statement in the financial year in which it was disposed.

(ii) Depreciation

Leasehold lands are amortised on a straight line basis over its remaining lease periods.

All other property, plant and equipment are depreciated on a straight line basis over their estimated useful lives with full depreciation in the month of acquisition and no depreciation in the month of disposal. The principal annual rates used are as follows :-

	%
Factory buildings	2
Staff quarters	2
Plant & machinery	10
Motor vehicles	20
Office equipment	10
Furniture & fittings	10
Electrical installation	10
Office renovation	10
Tools & equipment	10
Factory equipment	10

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on first-in-first-out basis. The cost of trading goods comprises the original purchase price plus cost incurred in bringing the goods to their present locations and conditions.

The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present locations and conditions. The cost of working-in-progress and finished goods comprise the cost of raw materials, direct charges and a proportion of production overheads.

In arriving at the net realisable value, due allowances is made for all obsolete and slow moving items.

(f) Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Known bad debts are written off and allowance is made for any specific receivables considered to be doubtful of collection.

(g) Payables and Provisions

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

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(h) Borrowings

Borrowings are stated at their face values. Interest incurred on borrowings is charged to the income statement as expense as and when incurred.

(i) Leases

Assets acquired under leases which in substance transfer all the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding liabilities are taken up as lease creditors. These assets are depreciated on the same basis as that of the Group's other assets. The finance charges are allocated to the income statement so as to give a constant periodic rate of charge on the remaining lease liability.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement.

(j) Foreign Currencies

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the dates of the transaction. All exchange differences are taken to the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rate ruling at that date.

The principal closing rates used in translation of foreign currency amounts are as follows :-

<u>Foreign currency</u>	<u>2003</u> RM	<u>2002</u> RM
1 US Dollar	<u>3.8000</u>	<u>3.8000</u>

(k) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (other than inventories and deferred tax assets), to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as an income in the income statement.

(l) Income Recognition

- (i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.
- (ii) Revenue from services rendered is recognised as and when the services are performance.
- (iii) Interest income is recognised on a time proportion basis.
- (iv) Dividend income is recognised when the shareholders' right to receive payment is established.

(m) Taxation

The tax expense in the income statement represents taxation at current tax rates based on results for the financial year adjusted for items which are non-assessable or non-deductible, net of any under/over provision of taxation in previous years and deferred taxation.

(m) Taxation (continue)

Deferred taxation is provided on the liability method for taxation deferred in respect of all material timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

(n) Cash and Cash Equivalents

Cash comprises cash in hand, at bank and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

3. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows :-

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities where the currency denomination differs from the local currency, Ringgit Malaysia (RM).

Foreign exchange exposures in transactional currency other than functional currency of the Group are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

(b) Interest rate risk

The Group's income and operating cash flows are not substantially dependent on changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its deposits and borrowings with banks and financial institutions.

3. **FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES** (continue)

(c) Credit risk

This is the risk that a counter party is unable to pay its debts or meet its obligations. The credit risk attributed to receivables is mitigated by the application of internal credit review procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it has any major concentration of credit risk related to any financial instruments.

(d) Liquidity and cash flow risks

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

(e) Fair values

As at the balance sheet date, the Group has no financial assets or financial liabilities that are not carried at fair value.

4. **PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are as follows :-

GROUP

2003

<u>Cost/ Valuation</u>	<u>At 1st Sept</u>	<u>Addition</u>	<u>Revaluation</u>	<u>Reclassification</u>	<u>At 31st Aug</u>
	RM	RM		RM	RM
<u>At valuation</u>					
Leasehold lands	2,959,052	-	366,948	-	3,326,000
Factory buildings	11,376,460	-	103,540	3,108,000	14,588,000
<u>At cost</u>					
Staff quarters	3,234,633	-	-	(3,108,000)	126,633
Plant & machinery	32,768,601	6,336,473	-	-	39,105,074
Motor vehicles	1,003,539	-	-	-	1,003,539
Office equipment	147,578	-	-	-	147,578
Furniture & fittings	65,730	-	-	-	65,730
Electrical installation	1,134,765	377,475	-	-	1,512,240
Office renovation	41,887	-	-	-	41,887
Tools & equipment	23,251	-	-	-	23,251
Factory equipment	20,476	5,138	-	-	25,614
	<u>52,775,972</u>	<u>6,719,086</u>	<u>470,488</u>	<u>-</u>	<u>59,643,915</u>

<u>Accumulated depreciation</u>	<u>At 1st Sept</u>	<u>Charge for the year</u>	<u>Revaluation</u>	<u>Reclassification</u>	<u>At 31st Aug</u>
	RM	RM		RM	RM
<u>At valuation</u>					
Leasehold lands	122,381	40,793	(122,381)	-	47,045
Factory buildings	1,956,955	265,860	(1,956,955)	62,160	328,020
<u>At cost</u>					
Staff quarters	64,904	2,532	-	(62,160)	5,276
Plant & machinery	10,177,653	3,017,423	-	-	13,195,076
Motor vehicles	814,827	65,052	-	-	879,879
Office equipment	71,746	12,685	-	-	84,431
Furniture & fittings	41,765	4,624	-	-	46,389
Electrical installation	422,551	91,217	-	-	513,768
Office renovation	22,686	4,189	-	-	26,875
Tools & equipment	17,242	855	-	-	18,097
Factory equipment	15,440	2,032	-	-	17,472
	<u>13,728,150</u>	<u>3,531,514</u>	<u>(2,079,336)</u>	<u>-</u>	<u>17,259,713</u>

4. **PROPERTY, PLANT AND EQUIPMENT** (continue)
The details of property, plant and equipment are as follows :-

2002				
<u>Cost/ Valuation</u>	<u>At 1st Sept</u>	<u>Addition</u>	<u>Disposal</u>	<u>At 31st Aug</u>
	RM	RM	RM	RM
<u>At valuation</u>				
Leasehold lands	2,959,052	-	-	2,959,052
Factory buildings	11,376,460	-	-	11,376,460
<u>At cost</u>				
Staff quarters	126,633	3,108,000	-	3,234,633
Plant & machinery	26,088,320	7,243,881	(563,600)	32,768,601
Motor vehicles	968,539	35,000	-	1,003,539
Office equipment	137,379	10,199	-	147,578
Furniture & fittings	63,380	2,350	-	65,730
Electrical installation	1,131,765	3,000	-	1,134,765
Office renovation	41,887	-	-	41,887
Tools & equipment	23,251	-	-	23,251
Factory equipment	20,476	-	-	20,476
	42,937,142	10,402,430	(563,600)	52,775,972

<u>Accumulated depreciation</u>	<u>At 1st Sept</u>	<u>Charge for the year</u>	<u>Disposal</u>	<u>At 31st Aug</u>
	RM	RM	RM	RM
<u>At valuation</u>				
Leasehold lands	81,587	40,794	-	122,381
Factory buildings	1,755,326	201,629	-	1,956,955
<u>At cost</u>				
Staff quarters	211	64,693	-	64,904
Plant & machinery	7,617,572	2,564,778	(4,697)	10,177,653
Motor vehicles	747,935	66,892	-	814,827
Office equipment	58,950	12,796	-	71,746
Furniture & fittings	36,856	4,909	-	41,765
Electrical installation	335,685	86,866	-	422,551
Office renovation	18,497	4,189	-	22,686
Tools & equipment	16,056	1,186	-	17,242
Factory equipment	13,393	2,047	-	15,440
	10,682,068	3,050,779	(4,697)	13,728,150

<u>Net Book Value</u>	2003	2002
	RM	RM
<u>At valuation</u>		
Leasehold lands	3,278,955	2,836,671
Factory buildings	14,259,980	9,419,505
<u>At cost</u>		
Staff quarters	121,357	3,169,729
Plant & machinery	25,909,998	22,590,948
Motor vehicles	123,660	188,712
Office equipment	63,147	75,832
Furniture & fittings	19,341	23,965
Electrical installation	998,472	712,214
Office renovation	15,012	19,201
Tools & equipment	5,154	6,009
Factory equipment	8,142	5,036
	44,803,218	39,047,822

- (a) The net book value of leasehold land and buildings stated at valuation had they been stated at cost would have been RM11,892,316 (2002 : RM12,021,333). Leasehold land and buildings have an aggregate market value of RM14,806,000, an independent valuation carried out by JS Valuers Property Consultants (E.M.) Sdn. Bhd., a professional firm of valuers on 17th February 2003.

Leasehold land stated at net book value of RM1,794,592 (2002 : RM1,824,501) has been charged to a reference bank to secure banking facilities as referred to in Note 10 to the financial statements.

- (b) Included in the property, plant and equipment is a motor vehicle acquired under hire purchase arrangement with net book value of RM25,833 (2002 : RM38,233)

5. INVESTMENT IN SUBSIDIARY COMPANY

	<u>2003</u> RM	<u>2002</u> RM
Unquoted shares, at cost	53,640,714	53,640,714
Amount due by subsidiary	<u>38,026,628</u>	<u>38,092,628</u>
	<u>91,667,342</u>	<u>91,733,342</u>

The subsidiary company as at 31st August, 2003 is :-

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			<u>2003</u>	<u>2002</u>
NWP Industries Sdn. Bhd.	Malaysia	Manufacturing and selling of timber products	100%	100%

The amount due by subsidiary company is unsecured, interest free and has no fixed terms of repayment.

6. INVENTORIES

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
At cost		
Raw materials	18,014,985	16,417,493
Work-in-progress	62,240	39,992
Finished goods	<u>4,238,954</u>	<u>3,328,421</u>
	<u>22,316,179</u>	<u>19,785,906</u>

7. **RECEIVABLES**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Receivables comprise :-		
Trade receivables		
- Gross receivables	12,810,642	16,202,708
- Allowance for doubtful debts	(58,710)	(58,710)
	<u>12,751,932</u>	<u>16,143,998</u>
Other receivables	43,070	23,158
Deposits	3,652,491	4,235,541
Prepayments	152,512	2,500
	<u><u>16,600,005</u></u>	<u><u>20,405,197</u></u>

COMPANY

	<u>2003</u> RM	<u>2002</u> RM
Receivables comprise :-		
Deposits	2,000	2,400
Prepayments	3,550	2,500
	<u><u>5,550</u></u>	<u><u>4,900</u></u>

The Group's normal trade credit term ranges from 60 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

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

8. **FIXED DEPOSITS**

	<u>2003</u> RM	<u>2002</u> RM
With licensed banks	<u><u>9,110,744</u></u>	<u><u>-</u></u>

The fixed deposits at the balance sheet date yield interest rates ranging from 2.82 to 3%.

9. **PAYABLES**

	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
Payables comprise :-	RM	RM
Trade payables	1,566,158	165,768
Other payables	408,070	588,339
Accrued liabilities	276,745	307,298
Deposits	2,840	3,113
	2,253,813	1,064,518

	<u>COMPANY</u>	
	<u>2003</u>	<u>2002</u>
Payables comprise :-	RM	RM
Other payables	2,033	2,300
Accrued liabilities	5,336	8,883
	7,369	11,183

10. **BANK BORROWINGS**

	<u>GROUP</u>	
	<u>2003</u>	<u>2002</u>
	RM	RM
Bank overdrafts	1,820,185	-
Bills payable	1,973,000	1,933,000
	3,793,185	1,933,000

The bank borrowings are secured by :-

- (a) Legal charges over the leasehold land and buildings of the subsidiary company;
- (b) Registered debentures over all the fixed and floating assets of the subsidiary company;
- (c) Corporate guarantee by the holding company; and
- (d) Jointly and severally guaranteed by two Directors of the Company.

10. **BANK BORROWINGS**

The bank overdraft bears interest ranging from 1.5% to 2.0% (2002 : 1.5% to 2.0%) above the base lending rates of the reference banks and are secured in the manner as above.

The bills payables bear acceptance commission rates ranging from 1.25% to 1.5% (2002 : 1.25% to 1.5%) per annum.

As at 31st August, 2003, the Company has no overdraft balances.

11. **HIRE PURCHASE CREDITOR**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Total future installments payable	2,308	16,348
Unexpired interest	(394)	(2,756)
Total future principal payable	<u>1,914</u>	<u>13,592</u>
Future installments payable		
- not later than one year	2,308	14,040
- later one year and not later than five years	-	2,308
	<u>2,308</u>	<u>16,348</u>
Future principal payable		
- not later than one year <i>(included under current liabilities)</i>	1,914	11,678
- later one year and not later than five years	-	1,914
	<u>1,914</u>	<u>13,592</u>

12. **SHARE CAPITAL**

	<u>2003</u> RM	<u>2002</u> RM
Authorised		
Ordinary shares of RM1/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid up		
Ordinary shares of RM1/- each :-		
- Balance as at 1st September	80,000,000	60,000,000
- Bonus issue	-	20,000,000
- Balance as at 31st August	<u>80,000,000</u>	<u>80,000,000</u>

13. **REVALUATION RESERVE**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Revaluation of leasehold land and buildings		
- Balance at 1st September	-	-
- Addition during the year	<u>2,549,824</u>	<u>-</u>
- Balance at 31st August	<u><u>2,549,824</u></u>	<u><u>-</u></u>

14. **DIVIDENDS**

	<u>2003</u> RM	<u>2002</u> RM
Tax exempt interim dividend of 10%	<u>8,000,000</u>	<u>-</u>

15. **REVENUE**

An analysis of revenue is as follows :-

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Sale of goods	36,978,672	58,044,523
Services rendered	<u>310,042</u>	<u>403,229</u>
	<u><u>37,288,714</u></u>	<u><u>58,447,752</u></u>

	<u>COMPANY</u>	
	<u>2003</u> RM	<u>2002</u> RM
Dividend income	<u>8,000,000</u>	<u>20,200,000</u>

The above revenues are net of discounts and returns.

16. **FINANCE COSTS**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Finance costs consist of :-		
Interest on hire purchase	2,362	2,362
Interest on bank overdraft	264,203	251,456
Bank interest	89,303	42,370
	<u>355,868</u>	<u>296,188</u>

17. **PROFIT FROM OPERATIONS**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Profit from operations is stated :-		
After charging :-		
Auditors' remuneration		
- current year provision	15,000	15,000
- overprovision in prior year	(5,000)	(3,000)
Depreciation of plant and equipment	3,531,514	3,050,779
Directors' remuneration :-		
- Fee	42,000	42,000
- Allowance	72,678	72,775
- Salaries	112,194	108,489
- Other emoluments	15,132	14,285
Rental	<u>25,350</u>	<u>31,800</u>
And crediting :-		
Fixed deposit interest received	146,169	101,534
Interest received	-	640,329
Gain on foreign exchange - realised	-	20,343
Gain on disposal of plant and equipment	<u>-</u>	<u>14,747</u>

	<u>COMPANY</u>	
	<u>2003</u> RM	<u>2002</u> RM
Profit from operations is stated :-		
After charging :-		
Auditors' remuneration	<u>2,000</u>	<u>2,000</u>

18. **TAXATION**

GROUP

	<u>2003</u> RM	<u>2002</u> RM
Taxation based on the profit :-		
- Current year provision	(30,000)	(28,500)
- Overprovision in prior year	755	347,472
	<u>(29,245)</u>	<u>318,972</u>

COMPANY

	<u>2003</u> RM	<u>2002</u> RM
Taxation based on the profit :-		
- Underprovision in prior year	-	(4,196)

The timing differences of which deferred tax assets have not been recognised in the financial statements as at 31st August, 2003 were as follows :-

GROUP

	<u>2003</u> RM	<u>2002</u> RM
Reinvestment allowances	18,026,000	14,213,000
Unabsorbed capital allowances	4,970,000	5,419,000
	<u>22,996,000</u>	<u>19,632,000</u>

Subject to agreement with the Inland Revenue Board, based on the estimated tax credits available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability.

19. **EARNINGS PER SHARE**

The earnings per share has been calculated based on the net profit for the year of RM4,030,942 (2002 : RM10,181,843) for the Group and RM7,938,835 (2002 : RM20,108,319) for the Company on the weighted average number of 80,000,000 (2002 : 80,000,000) ordinary shares of RM1/- each in issue during the year.

20. **HOLDING COMPANY**

The holding company is Sepang Heights Sdn. Bhd., a company incorporated in Malaysia which holds 54.89% equity of the Company.

21. **SEGMENT REPORTING**

The Group is principally engaged in the manufacturing and selling of timber products within Malaysia. The other segments of activities are not significant and as such no segmental analysis is reported.

22. **RELATED PARTY TRANSACTION**

	<u>COMPANY</u>	
	<u>2003</u> RM	<u>2002</u> RM
Tax exempt dividend received from subsidiary Company	8,000,000	20,200,000

23. **EMPLOYEES INFORMATION**

	<u>GROUP</u>	
	<u>2003</u> RM	<u>2002</u> RM
Staff costs	2,957,729	3,707,708

	<u>COMPANY</u>	
	<u>2003</u> RM	<u>2002</u> RM
Staff costs	-	-

The number of employees in the Group and in the Company (excluding Directors) as at 31st August, 2003 were 317 (2002 : 272 and Nil (2002 : Nil) respectively.

24. **AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The Company's financial statements were authorised for issue on 29th December, 2003 by the Board of Directors.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

The Directors of **NWP HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Company as at 31st August, 2003 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

CHANG AH NGAU
Managing Director

WONG SEE MING
Executive Director

Petaling Jaya,
Date : 29th December 2003

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, **CHANG AH NGAU**, being the Director primarily responsible for the financial management of **NWP HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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 **CHANG AH NGAU**
at Petaling Jaya this 29th day of
December 2003.

CHANG AH NGAU

Before me,

E. RADAKRISHNAN
(AMN, PPN, PK, PPM, PPA, PKB, PJP (Sel))
Commissioner for Oaths

LIST OF PROPERTIES AS AT 31 DECEMBER 2003

Location	Description/ Existing Use	Tenure/ Expiry Date	Land Area/ Built-up Area (sq ft)	Net Book Value (RM'000)	Age of Building (Years)
Country Lease 025339566, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of main office, tool and saw-doctoring rooms, machinery sheds, kiln drying bays, boiler buiding, stacking sheds, labourline, canteen and a timber workshop.	99 years lease expiring on 31 December 2064	435,600	12,447	10
Country Lease 025348298, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of machinery sheds, generator set room, kiln drying bays, staff quarters and with gross floor area of 99,880 square feet. The Buiding is adjoining the property mentioned above.	99 years lease expring on 31 December 2096	288,803	3,423	7

ANALYSIS OF SHAREHOLDINGS AS AT 31 DECEMBER 2003

SHARE CAPITAL

Authorised Share Capital	:	RM 100,000,000
Issued and Fully Paid Up Capital	:	RM 80,000,000
Class of Shares	:	Ordinary shares of RM 1.00 each
Voting Rights	:	One vote per shareholder on a show of hands One vote per share on a poll

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
Less than 100	21	2.13%	683	0.00%
100 - 1,000	415	42.18%	402,250	0.50%
1,001 - 10,000	504	51.22%	1,060,865	1.33%
10,001 - 100,000	22	2.24%	752,269	0.94%
100,001 - 3,999,999	20	2.03%	27,069,934	33.84%
Above *4,000,000 (5% & above of issued shares)	2	0.20%	50,713,999	63.39%
Total	984	100.00%	80,000,000	100.00%

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2003

Name of Substantial Shareholders	No. of Shares	%
Chang Ah Ngau	50,713,999 (Indirect) *	63.39
Majid Bin Mat Lazim	43,913,999 (Indirect) **	54.89
Wong See Ming	43,913,999 (Indirect) **	54.89
Sepang Heights Sdn Bhd	43,913,999	54.89
Cashflow Budget Sdn Bhd	6,800,000	8.50

Note :-

* Deemed interest by virtue of his equity interest in Sepang Heights Sdn Bhd and Cashflow Budget Sdn Bhd.

** Deemed interest by virtue of his equity interest in Sepang Heights Sdn Bhd.

STATEMENT OF DIRECTORS' INTEREST IN SHARES AS AT 31 DECEMBER 2003

Name	NWP Holdings Berhad	
	Direct Interest	Indirect Interest
	No. of ordinary shares of RM1.00 each	
Chang Ah Ngau	-	50,713,999*
Majid Bin Mat Lazim	-	43,913,999**
Wong See Ming	4,000,000	43,913,999**
Mohd. Zahiri Bin Dato' Haji Maulud	-	-
Lee Khim Sin	-	-

Note :-

* Deemed interest by virtue of his equity interest in Sepang Heights Sdn Bhd and Cashflow Budget Sdn Bhd.

** Deemed interest by virtue of his equity interest in Sepang Heights Sdn Bhd.

LIST OF 30 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2003

No.	Name of Shareholders	No. of Shares	Percentage
1	Sepang Heights Sdn Bhd	43,913,999	54.89
2	Cashflow Budget Sdn Bhd	6,800,000	8.50
3	Tibow Sawmill Sdn Bhd	3,934,867	4.92
4	Fibre Optic World Sdn Bhd	3,550,899	4.44
5	Tegas Erti Sdn Bhd	3,395,000	4.24
6	Vector Thunder Sdn Bhd	2,369,000	2.96
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account for Chan Wai Peng	2,094,000	2.62
8	Chan Wai Peng	1,612,000	2.02
9	Wong Oi Sang	1,601,333	2.00
10	Hoh Kim Ling	1,334,667	1.67
11	Pang Kwee Yin	1,333,334	1.67
12	Heliodoro Canalija Dayanan	1,236,000	1.55
13	Ding Ming Tiong	1,205,200	1.51
14	Wong Yoon Moi	1,134,667	1.42
15	HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Keng Loong (Memo)	792,700	0.99
16	Wong Siew Fong	400,000	0.50
17	Wong See Ming	400,000	0.50
18	Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account for Khor Chin Guan	162,800	0.20
19	Lum Chee Keong	156,700	0.20
20	Wong Say Hong	134,667	0.17
21	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Woon Bew Kuen	112,700	0.14
22	Khor Chin Guan	109,400	0.14
23	Tok Boon Seong	93,300	0.12
24	Perbadanan Nasional Berhad	86,000	0.11
25	Choo Kam Lee	77,300	0.10
26	Woon Bew Kuen	69,100	0.09
27	Citicorp Nominees (Tempatan) Sdn Bhd Pledged securities account for Harbans Singh A/L Sadhu Singh (472385)	50,000	0.06
28	Teh Beng Geok	49,467	0.06
29	Wong Set Moi	36,000	0.05
30	Tong Guek Seng	30,000	0.04



PROXY FORM

I/We.....NRIC No.
of.....
being a Member/Members of NWP Holdings Berhad (Company No. 495476 -M) hereby
appoint.....NRIC No.
of.....
or failing him / her
NRIC No.of

as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Tiara Delima, Hotel Singgahsana Petaling Jaya, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 February 2004 at 9.00 a.m and at any adjournment thereof, as indicated below: -

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Accounts of the Company for the year ended 31 August 2003 and the Reports of the Directors and Auditors thereon.		
2.	To re-elect En. Mohd. Zahiri Bin Dato' Haji Maulud as a Director. (Article 77)		
3.	To re-elect En. Mr Lee Khim Sin as a Director. (Article 77)		
4.	To re-elect Mr Wong See Ming as a Director. (Article 77)		
5.	To re-appoint Messrs. Yeap Cheng Chuan & Co as the Company's Auditors and to authorize the Directors to fix their remuneration.		
6.	As Special Business :- <u>Ordinary Resolution</u> Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with a cross (X) how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2004

No. of shares held

Signature(s) / Common Seal of Shareholder(s)

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint more than one(1) proxy to attend and vote at the meeting provided that the provision of Section 149(1)(c) of the Companies Act, 1965 are complied with.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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STAMP

To : The Company Secretary

NWP HOLDINGS BERHAD (495476-M)
Unit 1119, 11th Floor, Block A,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

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