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NWAP

Holdings Berhad

495476-M

2004

ANNUAL REPORT

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Notice of Fifth

Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth 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 Thursday, 24 February 2005 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 2004 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-
 - a) En Majid Bin Mat Lazim (Article 77) **(Resolution 2)**
 - b) Mr Chang Ah Ngau (Article 77 & 116) **(Resolution 3)**
3. To re-appoint Messrs. Yeap Cheng Chuan & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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 5)**

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

Dated: 31 January 2005

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. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. 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.
5. 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.
6. **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 Fifth Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1. Place, date and time of the Annual General Meeting (“AGM”)

Place : Tiara Delima, Hotel Singgahsana Petaling Jaya, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan.
 Date : 24 February 2005
 Time : 9.00 a.m.

2. Name of individuals standing for re-election:-

- i) En Majid Bin Mat Lazim
- ii) Mr Chang Ah Ngau

In accordance to Article 77 of the Company’s Articles of Association and Paragraph 7.28(2) Part K of Chapter 7 of the Bursa Securities Listing Requirements, En Majid Bin Mat Lazim and Mr Chang Ah Ngau were to retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election. Furthermore pursuant to Article 116 of the Company’s Articles of Association, a Managing Director shall subject to retirement by rotation.

Further details of Directors standing for re-election are set out in the Director’s Profile on pages 7 to 8 of the Annual Report.

3. Attendance at Board Meetings

During the last financial year ended 31 August 2004, there were four (4) 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 2004.

Meeting	Date	Time	Venue
3/2003	29/10/2003	3.30 p.m.	2nd Floor, 23, Jalan Delima 1/3, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.
4/2003	29/12/2003	11.30 a.m	2nd Floor, 23, Jalan Delima 1/3, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.
1/2004	29/03/2004	11.00 a.m	Tiara Delima, Hotel Singgahsana Petaling Jaya, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan.
2/2004	28/07/2004	3.30 p.m	2nd Floor, 23, Jalan Delima 1/3, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

Corporate Information

BOARD OF DIRECTORS

Encik Majid Bin Mat Lazim
(Executive Chairman)

Mr Chang Ah Ngau
(Managing Director)

Mr Wong See Ming
(Executive Director)

**Encik Mohd. Zahiri Bin
Dato' Haji Maulud**
(Independent Non-Executive
Director)

Mr Lee Khim Sin
(Independent Non-Executive
Director)

AUDIT COMMITTEE

Mr Lee Khim Sin
(Chairman) (Independent Non-
Executive Director)

**Encik Mohd. Zahiri Bin
Dato' Haji Maulud**
(Member) (Independent Non-
Executive Director)

Mr Chang Ah Ngau
(Member) (Managing Director)

COMPANY SECRETARY

Mohd Zakie Bin Soad
(LS 008268)

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

PRINCIPAL 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.

REGISTRAR

Symphony Share
Registrars Sdn. Bhd.
(Formerly known as
*Malaysian Share Registration
Services Sdn. Bhd.*)
Level 26,
Menara Multi Purpose,
Capital Square,
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.
Tel : 03-2721 2222
Fax : 03-2721 2530

BANKERS

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

Affin Bank Berhad
20 & 22, Jalan 21/12, Sea Park,
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 Darul Ehsan.

SOLICITORS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities
Berhad ("Bursa Securities")
(Formerly known as *Malaysia
Securities Exchange Berhad*)
Main Board

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of NWP Holdings Berhad for the financial year ended 31 August 2004.

FINANCIAL HIGHLIGHTS

The business of the Company and its subsidiary for the financial year ended 31 August 2004 had improved despite the global economic uncertainties resulting from the Iraqi war, global terrorist activities and the spiking of global oil price.

During the financial year, new suppliers from South America, China, Indonesia and New Zealand which has offered more competitive price. There had also been a shortage of logs supply which has resulted in an increase of the cost of raw material.

The Group achieved a profit before tax of RM 4.09 million against revenue of RM 49.80 million as compared to the previous financial year's results of a profit before tax of RM4.06 million against revenue of RM37.29 million.

OPERATION OVERVIEW

The Group's moulded timber product remains profitable and continues to contribute revenue to the Group. In its continuous effort to upgrade its competitive edge and enhance its product range as well as to reduce the risk of over dependence on tropical hardwood, the Group had diversified its product range to include rubberwood based products and certified Forest Management Timber.

During the financial year, the Group had invested upstream into veneer roll manufacturing with an aim to enhance and add value to its products as well as reduce its operating cost.

DIVIDEND

The Board of Directors do not recommend the payment of a final dividend for the financial year ended 31 August 2004.

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 as well as successful promotion of its moulded timber products in new markets.

The Group will continue its effort in enhancing the distribution channels, development of new products and cost effective management in order to keep in the line of new market trend. Barring unforeseen circumstances, the Board of Directors is confident of maintaining its business share and achieving improved performance for the Group.

CORPORATE DEVELOPMENT

In May 2004, the Company successfully completed the sub-division of 80,000,000 ordinary shares of RM1.00 each into 320,000,000 ordinary shares of RM0.25 each. Upon completion of the exercise, the authorised share capital of the Company is RM100,000,000 divided into 400,000,000 ordinary shares of RM0.25 each and the issued and paid-up capital of the Company is RM80,000,000 divided into 320,000,000 ordinary shares of RM0.25 each.

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 the Group.

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

Profile of Board of Directors

MAJID BIN MAT LAZIM

Executive Chairman

Malaysian, aged 44, 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 20 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 substantial shareholder of the Company.

He is the Chairman of Investment Committee and has attended all the Board Meetings held in the financial year ended 31 August 2004.

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.

CHANG AH NGAU

Managing Director

Malaysian, aged 54, is the Managing Director of the Company, appointed to the Board of Directors on 19 July 2000.

He has more than 21 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 is a member of the Audit Committee and Investment Committee of the Company and has attended all the Board and Audit Committee Meetings held in the financial year ended 31 August 2004.

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.

WONG SEE MING

Executive Director

Malaysian, aged 38, 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 11 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 Bursa Malaysia Securities Berhad ("Bursa Securities"), as an Executive Director.

Mr Wong See Ming is holding shares in direct interest about 6.32% of the Company and he also a director and shareholder of Sepang Heights Sdn Bhd, a substantial shareholder of the Company.

He is a member of the Remuneration Committee and Investment Committee. He has attended all the Board Meetings of the Company since his appointment, held in the financial year ended 31 August 2004.

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.

**MOHD ZAHIRI BIN DATO'
HAJI MAULUD**

Independent Non-Executive Director

Malaysian, aged 46, 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 24 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 Bursa Securities 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 Bursa Securities, 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 Committee, Nomination Committee and Remuneration Committee of the Company and has attended all

the Board and Audit Committee Meetings of the Company held in the financial year ended 31 August 2004.

LEE KHIM SIN

Independent Non-Executive Director

Malaysian, aged 64, 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 is also a Director of Unico Holdings Berhad and several other private limited companies.

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, Nomination Committee and Remuneration Committee of the Company and has attended all the Board and Audit Committee Meetings held in the financial year ended 31 August 2004.

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 2004.

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

MEMBERSHIP

The Committee comprises the directors listed above.

TERMS OF REFERENCE COMPOSITION

During the year, the terms and reference of the Audit Committee as to conform to the Listing Requirements of Bursa Malaysia Securities Berhad ("the Listing Requirements") are as follows:-

(1) OBJECTIVES

The principal objective of the Audit Committee is to assist the Board of Directors ("the Board") of NWP Holdings Berhad ("the Company") in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and its subsidiary, NWP Industries Sdn. Bhd. ("the Group"). Specially, the Audit Committee shall:-

- (a) evaluate the quality of audits performed by the Internal and External Auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

(2) COMPOSITION

Pursuant to the Section 15.10(1) of the Listing Requirements, the Audit Committee shall be appointed by the Board from amongst its members and shall comprise at least three (3) members. The majority of whom shall be Independent Directors and no alternate Director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee shall be:-

- (a) a member of the Malaysia Institute of Accountants (MIA); or
- (b) if he is not a member of the MIA, he must have at least three (3) years of working experience and;
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed by the Listing Requirements.

The Chairman of the Audit Committee shall be elected from amongst the members and he shall be an Independent 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 (3), 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.

(3) MEETINGS

The Committee shall meet at least four (4) times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. The Audit Committee may also invite the Executive Directors, Senior Management or the Company's employees to attend the meeting.

ATTENDANCE OF MEETINGS

During the financial year under review, the Committee held a total of four (4) meetings.

DATES OF MEETINGS HELD

29 October 2003
29 December 2003
29 March 2004
28 July 2004

Meetings shall be held at least once every quarter in a calendar year. The external auditor may request a meeting if they consider one necessary. Written notice of

Details of attendance of the Committee members are as follows:-

Board of Directors	Meetings Attended	% of Attendance
Mr Lee Khim Sin	4/4	100%
Encik Mohd Zahiri Bin Dato' Haji Maulud	4/4	100%
Mr Chang Ah Ngau	4/4	100%

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.

(4) SECRETARY

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.

The Secretary shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentation to members of the Audit Committee prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Audit Committee, circulating them to members of the Audit Committee and to the other members of the Board.

Minutes of each meeting, shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings without any further proof of the fact stated thereof.

(5) AUTHORITY

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

- (a) be authorised 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. All employees shall be directed to co-operate as requested by members of the Audit Committee;
- (b) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise, if necessary;
- (c) to have full and unrestricted access to information pertaining to the Group;
- (d) to have direct communications channels with the external auditors; and
- (e) 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.

(6) 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 Bursa Securities and year end financial statements before submission to the Board, focusing on:-
 - (i) going concern assumption;
 - (ii) compliance with accounting standards and regulatory requirements;
 - (iii) any changes in accounting policies and practices;
 - (iv) significant issues arising from the audit; and
 - (v) major judgemental areas.
- (g) to review the financial statements with Management and the External Auditors prior to them being approved by the Board of Directors;

- (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.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL PERIOD

During the financial period, the Audit Committee carried out its duties as set out in the terms and reference and the activities were summarised as follows:-

- (a) Reviewed the quarterly financial results announcements for each quarter of the Group prior to the Board approval, focusing particularly on:-
 - (i) the overall performance of the Group;
 - (ii) the prospects for the Group;
 - (iii) the changes in or implementation of major accounting policy changes; and
 - (iv) compliance with accounting standards and other legal requirements.
- (b) Reviewed the audit plan and audit fees proposed by External Auditors and recommended to the Board the appointment and audit fee of External Auditors;
- (c) Reviewed the internal audit reports presented by internal auditors on findings

and recommendations with respect to system and controls weaknesses.

- (d) Reviewed with external auditors the scope of their audit.

INTERNAL AUDIT FUNCTION

The scope of internal audit's activities covers all units and operations of the Group. The activities include:-

- (a) Appraising the adequacy and effectiveness of systems of internal control;
- (b) Ascertaining the extent of compliance with Group's plans, policies, standards, procedures and adherence to all applicable laws and regulations, guidelines and directives;
- (c) Reviewing the extent to which the Group's assets and interest are accounted for and safeguarded from losses of all kinds;
- (d) Reviewing the integrity of computer systems, to ascertain that adequate controls are in place to minimize the vulnerability of information and to provide the necessary protection against possible funds and errors;
- (e) Reviewing operations so that resources are utilized in the most efficient, effective and economic manner;
- (f) Reviewing the reliability and integrity of financial and operational information; and
- (g) Conducting special reviews of investigations as requested by Management or by the Audit Committee.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Statement of Corporate Governance

The Board of Directors (“the Board”) of NWP Holdings Berhad (“the Company”) 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 the Company and its subsidiary 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 board principles and best practice as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance (“the Code”). The state of corporate governance in the Group is 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.

The following statement sets out how the Group has complied with the Best Practices set out in the Code throughout the twelve months financial period ended 31 August 2004.

(A) BOARD OF DIRECTORS

Board Composition / Board Balance

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 Bursa Malaysia

Securities Berhad (“Bursa Securities”) Listing Requirements which stipulate that at least two (2) Directors or one-third (1/3) 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 (2) 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 7 to 8 of the Annual Report.

Board Meetings

During the year ended 31 August 2004, the Board met four (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.

Attendance of the Meetings

During the financial year under review, the Board held a total of four (4) meetings.

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

Board of Directos	Date of Appointment	Date of Resignation	Attendance	% of Attendance
EXECUTIVE DIRECTORS				
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

Board of Directos	Date of Appointment	Date of Resignation	Attendance	% of Attendance
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Encik Mohd. Zahiri Bin				
Dato' Haji Maulud	19-07-2000	-	4 / 4	100
Mr. Lee Khim Sin	19-07-2000	-	4 / 4	100

Date of Meeting Held

29 October 2003
29 December 2003
29 March 2004
28 July 2004

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; and
- (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.

Board Duties And Responsibilities

The Company is led by a group of an experience and dynamic Board of Directors ("the Board"). The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.

The Board 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:-

- (a) Reviewing and adopting a strategic plan for the Group.
- (b) Overseeing the conduct of the Company's operations to evaluate whether the business is being properly managed.
- (c) Identify principal risk and ensure the implementation of appropriate Risk Management System.
- (d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management.
- (e) Developing and implementing an investor relation's programme or shareholder communications policy for the Company.
- (f) 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.

Committees	Chaired by
(i) Audit Committee	Independent Non-Executive Director
(ii) Nomination Committee	Independent Non-Executive Director
(iii) Remuneration Committee	Independent Non-Executive Director
(iv) Investment Committee	Executive Chairman

Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Training Sdn. Bhd. (formerly known as Research Institute of Investment Analysts Malaysia). To keep abreast with developments in the capital markets and corporate scene, Directors are encouraged to attend Continuous Education Programmes ("CEP") and seminars for further enhance their skills and knowledge where relevant.

Appointments To The Board

The Board of Directors delegates certain responsibilities to the Board Committees, namely as shown above:-

The Board Committees are established to assist the Board in the discharge of its fiduciary duties and in order to enhance business and operational efficiency as well as effectiveness.

(i) Audit Committee

The Audit Committee presently comprises two (2) Independent Non-Executive Director and a Managing Director. The terms of reference of the Audit Committee and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report on pages 9 to 12 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee was established since 26 July 2001 and the members of the Nomination Committee during the year were:-

Members	Designation
Lee Khim Sin	Chairman (Independent Non-Executive Director)
Mohd Zahiri Bin Dato' Haji Maulud	Member (Independent Non-Executive Director)

The Nomination Committee consists entirely of Non-Executive Directors, all of whom are independent. The Nomination Committee is empowered by the Board and its terms and reference are:-

- (a) to recommend to the Board, suitable candidates for new appointment as Director(s) to the Board (if and when necessary).
- (b) 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.

- (c) 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 since 26 July 2001 and the members of the Remuneration Committee during the year were:-

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

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

- (a) to recommend the remuneration framework for Directors of the Group as well as the remuneration packages of Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration.
- (b) to assists the Board in ensuring the remuneration of Executive Directors reflects the responsibility, experience and commitment of the Directors concerned.

(iv) Investment Committee

The Investment Committee was established since 27 October 2004 and the members of the Investment Committee were:-

Members	Designation
Majid Bin Mat Lazim	Chairman (Executive Chairman)
Chang Ah Ngau	Member (Managing Director)
Wong See Ming	Member (Executive Director)
Yong Siam Lun	Member

The Board of Directors has appointed the Investment Committee members on 23 December 2004. They will meet as and when required.

The Investment Committee has clearly defined terms of reference approved by the Board and is to identify and invest in all potential investment opportunities available with the objective of enhancing the Group's performance and profitability.

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 (1/3) 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 were paid by its subsidiary are categorised into following components:-

Board of Directos	Directors' Fees (RM'000)	Directors' Salaries, Emoluments & Allowances (RM'000)	Total (RM'000)
Executive Directors	-	200,661	200,661
Non-Executive Directors	42,000	-	42,000
Total	42,000	200,661	242,661

The remuneration of directors of the Group classified into 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) SHAREHOLDERS

The Company 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 Company is currently setting up a website to enable an active dialogue with its investors and Shareholders with the intention of giving investors and Shareholders as clear and complete a

picture of the Company's performance and position as possible.

The Annual General Meeting ("the 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.

The Extraordinary General Meeting ("the EGM") is held as and when Shareholders' approvals are required on specific matters

and Shareholders are notified of such meetings in accordance with the Bursa Malaysia 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.

(D) ACCOUNTABILITY AND AUDIT

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.

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 on page 20 of the Annual Report.

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.

(E) 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.

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

There were no non audit fees paid to External Auditors.

(G) PROFIT ESTIMATES, FORECASTS OR PROJECTIONS

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

(H) 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.

The statement which should be read in conjunction with the Report of the Auditors set out on page 28 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.

(I) UTILISATION OF PROCEEDS

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

(K) COMPLIANCE WITH THE CODE

The Group has complied with the Code throughout the financial year ended 31 August 2004.

(J) 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 Bursa Securities Listing Requirements impose a need for the Directors to issue a statement explaining their responsibility for preparing the annual financial statements.

(L) RELATED PARTY TRANSACTIONS

There were no related party transactions during the financial year ended 31 August 2004.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 August 2004, the Group has adopted the appropriate accounting policies and applied it 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.

Statement of 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 on pages 42 to 43 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.

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Directors' Report

for the financial year ended 31st August, 2004

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31st August, 2004.

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 financial year.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the year	4,116,590	(129,549)
Unappropriated profit brought forward	7,428,566	51,329
Unappropriated profit/ (Accumulated losses) carried forward	11,545,156	(78,220)

DIVIDENDS

No dividends have been paid or declared by the Directors. Since the end of the previous financial year, the Directors do not recommend the payment of dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

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 realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected so to realise.

CURRENT ASSETS (CONTINUED)

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 Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the 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 Group and of the 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

On 19th May, 2004, the Company implemented a share split involving the sub-division into (4) four new ordinary shares of RM0.25 each for every (1) one existing ordinary share held.

The issue and paid up capital of the Company after the share split is 320,000,000 ordinary shares of RM0.25 each.

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, Majid Bin Mat Lazim and Chang Ah Ngau retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

Number of Ordinary Share.....			
	Balance 01.09.2003	Bought	Sold	Balance 31.08.2004
MAJID BIN MAT LAZIM				
- indirect*	175,655,996	-	8,000,000	167,655,996
CHANG AH NGAU				
- indirect**	27,200,000	-	-	27,200,000
WONG SEE MING				
- indirect*	175,655,996	-	8,000,000	167,655,996
- direct	1,600,000	9,004,000	59,200	10,544,800

* Held through Sepang Heights Sdn. Bhd. which owns 52.39% equity of the Company.

** Held through Cashflow Budget Sdn. Bhd. which owns 8.50% equity of the Company.

The ordinary shares of RM1/- each in issue at the beginning of the financial year are deemed to have been sub-division into ordinary shares of RM0.25 each to facilitate comparison since NWP Holdings Berhad had on 19th May, 2004 sub divided every one (1) of its ordinary shares of RM1/- each into four (4) ordinary shares of RM0.25 each.

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.

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

.....
WONG SEE MING
Executive Director

.....
CHANG AH NGAU
Managing Director

Date: 23 December 2004

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, 2004 and of the results and the cash flows of the Company for the financial year then ended.

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

.....
WONG SEE MING
Executive Director

.....
CHANG AH NGAU
Managing Director

Date: 23 December 2004

Statutory Declaration

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

I, WONG SEE MING, 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 WONG SEE MING
at Petaling Jaya this
day of 23 December 2004

.....
WONG SEE MING

Before me,

.....
Commissioner for Oaths

Report of The Auditors

to the members of NWP Holdings Berhad

We have audited the accompanying financial statements set out on pages 29 to 53. 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, 2004 and of the results and the cash flows of the Group and of the Company for the financial year then 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 of the Company; 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 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. 566/4/06 (J/PH)
Chartered Accountant

Petaling Jaya,
Date: 23 December 2004

Consolidated Balance Sheet

as at 31st August, 2004

	Note	2004 RM	2003 RM
PROPERTY, PLANT & EQUIPMENT	4	44,117,927	44,803,218
DEFERRED EXPENDITURE	5	2,374,192	-
CURRENT ASSETS			
Inventories	7	25,500,219	22,316,179
Receivables	8	22,505,901	16,600,005
Tax recoverable		32,255	2,255
Fixed deposits with licensed banks	9	6,610,334	9,110,744
Cash and bank balances		3,759,340	7,213,861
		58,408,049	55,243,044
Less:			
CURRENT LIABILITIES			
Payables	10	2,803,759	2,253,813
Bank borrowings	11	3,982,469	3,793,185
Hire purchase creditor	12	-	1,914
		6,786,228	6,048,912
Net current assets		51,621,821	49,194,132
		98,113,940	93,997,350
Represented by:-			
SHARE CAPITAL	13	80,000,000	80,000,000
SHARE PREMIUM		4,018,960	4,018,960
REVALUATION RESERVE	14	2,549,824	2,549,824
UNAPPROPRIATED PROFIT		11,545,156	7,428,566
		98,113,940	93,997,350

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

Consolidated Statement of Changes in Equity

for the financial year ended 31st August, 2004

	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Unappropriated Profit RM	Total RM
Balance at 1st September, 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	14	-	-	2,549,824	-	2,549,824
Dividend	15	-	-	-	(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
Net profit for the year		-	-	-	4,116,590	4,116,590
Balance at 31st August, 2004		80,000,000	4,018,960	2,549,824	11,545,156	98,113,940

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

Consolidated Income Statement

for the financial year ended 31st August, 2004

	Note	2004 RM	2003 RM
Revenue	16	49,795,486	37,288,714
Cost of sales		(44,096,706)	(31,663,589)
Gross profit		5,698,780	5,625,125
Other operating income		342,433	146,169
Administrative expenses		(1,282,814)	(1,097,372)
Other operating expenses		(312,200)	(257,867)
Profit from operations	17	4,446,199	4,416,055
Finance costs	18	(359,609)	(355,868)
Profit before taxation		4,086,590	4,060,187
Taxation	19	30,000	(29,245)
Net profit for the year		4,116,590	4,030,942
Basic earnings per share (sen)	20	1.29	1.26

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

Consolidated Cash Flow Statement

for the financial year ended 31st August, 2004

	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,086,590	4,060,187
Adjustments for:-		
Amortisation of deferred expenditure	625,808	-
Depreciation of property, plant and equipment	4,198,614	3,513,514
Interest expense	359,609	355,868
Interest income	(342,433)	(146,169)
Operating profit before working capital changes	8,928,188	7,783,400
Changes in inventories	(3,184,040)	(2,530,273)
Changes in receivables	(5,905,896)	3,805,192
Changes in payables	1,578,946	1,189,295
Cash generated from operations	1,417,198	10,247,614
Interest paid	(359,215)	(353,506)
Taxes paid	-	(121,434)
Net cash provided by operating activities	1,057,983	9,772,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,513,323)	(6,719,086)
Interest received	342,433	146,169
Deferred expenditure	(3,000,000)	-
Net cash used by investing activities	(6,170,890)	(6,572,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(394)	(2,362)
Dividend paid	-	(8,000,000)
Repayment of hire purchase	(1,914)	(11,678)
Net cash used by financing activities	(2,308)	(8,014,040)

Consolidated Cash Flow Statement

	Note	2004 RM	2003 RM
Net decrease in cash and cash equivalents		(5,115,215)	(4,814,283)
Cash and cash equivalents brought forward		14,504,420	19,318,703
Cash and cash equivalents carried forward		9,389,205	14,504,420
Cash and cash equivalents comprises:-			
Cash and bank balances		3,759,340	7,213,861
Fixed deposits with licensed banks	9	6,610,334	9,110,744
Bank overdrafts	11	(980,469)	(1,820,185)
		9,389,205	14,504,420

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

Balance Sheet

as at 31st August, 2004

	Note	2004 RM	2003 RM
INVESTMENT IN SUBSIDIARY COMPANY	6	91,540,242	91,667,342
CURRENT ASSETS			
Deposit and prepayment	8	5,550	5,550
Cash and bank balances		4,214	4,766
		9,764	10,316
Less:			
CURRENT LIABILITIES			
Payables	10	9,266	7,369
Net current assets		498	2,947
		91,540,740	91,670,289
Represented by:-			
SHARE CAPITAL	13	80,000,000	80,000,000
SHARE PREMIUM		11,618,960	11,618,960
(ACCUMULATED LOSS)/UNAPPROPRIATED PROFIT		(78,220)	51,329
		91,540,740	91,670,289

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

Statement of Changes in Equity

for the financial year ended 31st August, 2004

	Note	Share Capital RM	Share Premium RM	Unappropriated Profit/ (Accumulated Loss) RM	Total RM
Balance at 1st September, 2002		80,000,000	11,618,960	112,494	91,731,454
Net profit for the year		-	-	7,938,835	7,938,835
Dividend	15	-	-	(8,000,000)	(8,000,000)
Balance at 31st August, 2003		80,000,000	11,618,960	51,329	91,670,289
Net loss for the year		-	-	(129,549)	(129,549)
Balance at 31st August, 2004		80,000,000	11,618,960	(78,220)	91,540,740

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

Income Statement

for the financial year ended 31st August, 2004

	Note	2004 RM	2003 RM
Revenue	16	-	8,000,000
Administrative expenses		(55,885)	(44,597)
Other operating expenses		(73,664)	(16,568)
Net (loss)/profit for the year		(129,549)	7,938,835
Basic (loss)/earnings per share (sen)	20	(0.04)	2.48

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

Cash Flow Statement

for the financial year ended 31st August, 2004

	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/profit for the year	(129,549)	7,938,835
Adjustment for:-		
Dividend income	-	(8,000,000)
Operating loss before working capital changes	(129,549)	(61,165)
Changes in receivables	-	(650)
Changes in payables	1,897	(3,814)
Net cash used by operating activities	(127,652)	(65,629)
CASH FLOWS FROM INVESTING ACTIVITY		
Dividend received	-	8,000,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from subsidiary company	127,100	66,000
Dividend paid	-	(8,000,000)
Net cash provided/(used) by financing activities	127,100	(7,934,000)
Net (decrease)/increase in cash and cash equivalents	(552)	371
Cash and cash equivalents brought forward	4,766	4,395
Cash and cash equivalents carried forward	4,214	4,766
Cash and cash equivalent comprises:-		
Cash and bank balances	4,214	4,766

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

Notes to the Financial Statements

- 31st August, 2004

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 Bursa Malaysia Securities Berhad.

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 financial 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 (MASB).

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except for MASB 25: Income Taxes, which has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Consolidation (Continued)

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 impairment losses if any. 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 work-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

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

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.

(h) Provision

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.

(i) Borrowings

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

(j) 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.

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign Currencies (Continued)

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

Foreign currency	2004 RM	2003 RM
1 US Dollar	3.8000	3.8000

(l) 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 is 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.

(m) 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.

(n) Income Tax

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

Prior to the adoption of MASB 25 Income Taxes on 1st July, 2002, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 19.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax assets are reviewed at the each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity. In this case the deferred tax charged or credited directly in equity. When the deferred tax arises from a business combination that is an acquisition, it is included in the resulting goodwill or negative goodwill.

(p) 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

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).

The Group seeks to monitor closely the movement of exchange rates to ensure that the most competitive rates are secured for its transactions in foreign currency.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(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.

(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.

(d) Market risk

Market risk is the risk that the value of financial instrument will fluctuate due to changes in market prices.

The Group is exposed to the risk of fluctuation in the market price of quoted shares. The Group minimises its exposure to market risk by not engaging in speculative trading and held investments for long term.

(e) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

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

4. PROPERTY, PLANT AND EQUIPMENT

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

GROUP
2004

<u>Cost/ Valuation</u>	At 1st Sept RM	Addition RM	At 31st Aug RM
<u>At valuation</u>			
Leasehold lands	3,326,000	1,242,913	4,568,913
Factory buildings	14,588,000	1,441,995	16,029,995
<u>At cost</u>			
Staff quarters	126,633	-	126,633
Plant & machinery	39,105,074	452,250	39,557,324
Motor vehicles	1,003,539	4,000	1,007,539
Office equipment	147,578	17,680	165,258
Furniture & fittings	65,730	-	65,730
Electrical installation	1,512,240	353,130	1,865,370
Office renovation	41,887	-	41,887
Tools & equipment	23,251	-	23,251
Factory equipment	25,614	1,355	26,969
	59,965,546	3,513,323	63,478,869

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

GROUP

2004

<u>Accumulated depreciation</u>	At 1st Sept RM	Charge for the year RM	At 31st Aug RM
<u>At valuation</u>			
Leasehold lands	47,045	50,792	97,837
Factory buildings	328,020	320,579	648,599
<u>At cost</u>			
Staff quarters	5,276	2,533	7,809
Plant & machinery	13,195,076	3,596,599	16,791,675
Motor vehicles	879,879	52,267	932,146
Office equipment	84,431	12,835	97,266
Furniture & fittings	46,389	4,455	50,844
Electrical installation	513,768	151,927	665,695
Office renovation	26,875	4,189	31,064
Tools & equipment	18,097	779	18,876
Factory equipment	17,472	1,659	19,131
	15,162,328	4,198,614	19,360,942

GROUP

2003

<u>Cost/ Valuation</u>	At 1st Sept RM	Addition RM	Revaluation RM	Reclassification RM	At 31st Aug 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
	52,775,972	6,719,086	470,488	-	59,965,546

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

<u>Accumulated Depreciation</u>	At 1st Sept RM	Charge for the year RM	Revaluation RM	Reclassification RM	At 31st Aug RM
<u>At valuation</u>					
Leasehold lands	122,381	47,045	(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
	13,728,150	3,513,514	(2,079,336)	-	15,162,328

<u>Net Book Value</u>	2004 RM	2003 RM
<u>At valuation</u>		
Leasehold lands	4,471,076	3,278,955
Factory buildings	15,381,396	14,259,980
<u>At cost</u>		
Staff quarters	118,824	121,357
Plant & machinery	22,765,649	25,909,998
Motor vehicles	75,393	123,660
Office equipment	67,992	63,147
Furniture & fittings	14,886	19,341
Electrical installation	1,199,675	998,472
Office renovation	10,823	15,012
Tools & equipment	4,375	5,154
Factory equipment	7,838	8,142
	44,117,927	44,803,218

- (a) Leasehold land and buildings had 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.
- (b) Leasehold land stated at net book value of RM1,854,411 (2003: RM1,794,592) has been charged to a reference bank to secure banking facilities as referred to Note 11 in the financial statements.

5. DEFERRED EXPENDITURE

	GROUP	
	2004 RM	2003 RM
Cost at 1st September	3,000,000	-
Less: Accumulated amortisation	625,808	-
At 31st August	2,374,192	-

Deferred expenditure represents exclusive sawmilling rights to purchased and process logs and produce sawn timber.

Pursuant to a sawmilling agreement dated 10th February, 2004, the rights was amortised over the period on area harvested during the financial year.

6. INVESTMENT IN SUBSIDIARY COMPANY

	2004 RM	2003 RM
Unquoted shares, at cost	53,640,714	53,640,714
Amount due by subsidiary	37,899,528	38,026,628
	91,540,242	91,667,342

The subsidiary company as at 31st August, 2004 is:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004	2003
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.

7. INVENTORIES

	GROUP	
	2004 RM	2003 RM
At cost		
Raw materials	14,529,370	18,014,985
Work-in-progress	5,501,095	62,240
Finished goods	5,469,754	4,238,954
	25,500,219	22,316,179

8. RECEIVABLES

	GROUP	
	2004	2003
	RM	RM
Trade receivables		
- Gross receivables	16,956,399	12,810,642
- Allowance for doubtful debts	(58,710)	(58,710)
Other receivables	16,897,689	12,751,932
Deposits	166,289	43,070
Prepayments	5,437,298	3,652,491
	4,625	152,512
	22,505,901	16,600,005

	COMPANY	
	2004	2003
	RM	RM
Deposits	2,000	2,000
Prepayments	3,550	3,550
	5,550	5,550

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.

9. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP	
	2004	2003
	RM	RM
With licensed banks	6,610,334	9,110,744

The fixed deposits at the balance sheet date yield interest at rates ranging from 2.82% to 3.00% per annum.

10. PAYABLES

	GROUP	
	2004	2003
	RM	RM
Trade payables	2,139,347	1,566,158
Other payables	407,769	408,070
Accrued liabilities	253,738	276,745
Deposits	2,905	2,840
	2,803,759	2,253,813

	COMPANY	
	2004	2003
	RM	RM
Other payables	2,033	2,033
Accrued liabilities	7,233	5,336
	9,266	7,369

11. BANK BORROWINGS

	GROUP	
	2004	2003
	RM	RM
Bank overdrafts	980,469	1,820,185
Bills payable	3,002,000	1,973,000
	3,982,469	3,793,185

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.

11. BANK BORROWINGS (CONTINUED)

The bank overdraft bears interest ranging from 1.5% to 2.0% (2003: 1.5% to 2.0%) per annum above the base lending rates of the reference banks and are secured in the manner as above.

The bills payable bear acceptance commission at rates ranging from 1.25% to 1.5% (2003: 1.25% to 1.5%) per annum.

As at 31st August, 2004, the Company has no overdraft balances.

12. HIRE PURCHASE CREDITOR

	GROUP	
	2004 RM	2003 RM
Total future installments payable	-	2,308
Unexpired interest	-	(394)
Total future principal payable	-	1,914
Future installments payable - not later than one year	-	2,308
Future principal payable - not later than one year (included under current liabilities)	-	1,914

13. SHARE CAPITAL

	GROUP/COMPANY	
	2004 RM	2003 RM
Authorised Ordinary shares of RM0.25 each (2003: RM1/- each)	100,000,000	100,000,000
Issued and fully paid up Ordinary shares of RM0.25 each (2003: RM1/- each)	80,000,000	80,000,000

On 19th May, 2004, the Company implemented a share split involving the sub-division into (4) four new ordinary shares of RM0.25 each for every (1) one existing ordinary share held.

The issue and paid up capital of the Company after the share split is 320,000,000 ordinary shares of RM0.25 each.

14. REVALUATION RESERVE

	GROUP	
	2004	2003
Revaluation of leasehold land and buildings	RM	RM
- Balance at 1st September	2,549,824	-
- Addition during the year	-	2,549,824
- Balance at 31st August	2,549,824	2,549,824

15. DIVIDENDS

	GROUP	
	2004	2003
	RM	RM
Tax exempt interim dividend of 10%	-	8,000,000

16. REVENUE

	GROUP	
	2004	2003
	RM	RM
Sale of goods	49,377,459	36,978,672
Services rendered	418,027	310,042
	49,795,486	37,288,714

	COMPANY	
	2004	2003
	RM	RM
Dividend income	-	8,000,000

The revenues are net of discounts and returns.

17. PROFIT FROM OPERATIONS

	GROUP	
	2004	2003
Profit from operations is stated:	RM	RM
After charging:-		
Auditors' remuneration:-		
- current year provision	15,000	15,000
- overprovision in prior year	(3,000)	(5,000)
Depreciation of plant and equipment	4,198,614	3,531,514
Directors' remuneration:-		
- Fee	112,909	112,194
- Allowance	73,060	72,678
- Salaries	42,000	42,000
- Other emoluments	14,691	15,132
Rental	123,500	25,350
And crediting:-		
Fixed deposit interest received	342,433	146,169

	COMPANY	
	2004	2003
Profit from operations is stated:-	RM	RM
After charging:-		
Auditors' remuneration	2,000	2,000

18. FINANCE COSTS

	GROUP	
	2004	2003
	RM	RM
Interest on hire purchase	394	2,362
Interest on bank overdraft	286,405	264,203
Bank interest	72,810	89,303
	359,609	355,868

19. TAXATION

	GROUP	
	2004	2003
	RM	RM
Income tax expense:-		
- Current year provision	-	30,000
- Overprovision in prior year	(30,000)	(755)
	(30,000)	29,245

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

	2004	2003
	RM	RM
Profit before taxation	4,216,140	4,103,293
Statutory tax rate of 28% (2003: 28%)	1,180,519	1,148,922
Effect of deductible temporary differences not recognised	(1,398,515)	(1,219,057)
Non-deductible expenses	217,995	70,135
Other items	-	30,000
	-	30,000
Overprovision in prior years	(30,000)	(755)
Tax expense for the year	(30,000)	29,245

The timing differences of which deferred tax assets have not been recognised in the financial statements as at 31st August, 2004 were as follows:-

	2004	2003
	RM	RM
Reinvestment allowances	19,101,000	18,026,000
Unabsorbed capital allowances	4,289,000	4,970,000
	23,390,000	22,996,000

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.

20. EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

The earnings/(loss) per share has been calculated based on the net profit for the year of RM4,116,590 (2003: Net profit for the year of RM4,030,942) for the Group and net loss for the year of RM129,549 (2003: Net profit for the year of RM7,938,835) for the Company on the number of 320,000,000 (2003: 320,000,000) ordinary shares of RM0.25 each in issue during the financial year. The number of ordinary shares used in the previous financial years earnings per share calculation has been adjusted for the effects of the share splits during the current financial year for comparability purposes.

(b) Fully diluted earnings per share

No diluted earnings per share is disclosed due to the anti-dilutive effect of ordinary shares during the financial year.

21. HOLDING COMPANY

The holding company is Sepang Heights Sdn. Bhd., a company incorporated in Malaysia which holds 52.39% equity of the Company.

22. 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.

23. RELATED PARTY TRANSACTION

	COMPANY	
	2004 RM	2003 RM
Tax exempt dividend received from subsidiary Company	-	8,000,000

24. EMPLOYEES INFORMATION

	GROUP/COMPANY	
	2004 RM	2003 RM
Staff costs	2,221,044	2,957,729

The number of employees in the Group and in the Company (excluding Directors) as at 31st August, 2004 were 307 (2003: 317) and Nil (2003: Nil) respectively.

25. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Company's financial statements were authorised for issue on 23rd December, 2004 by the Board of Directors.

List of Properties

as at 31st August, 2004

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 building, stacking sheds, labourline, canteen and a timber workshop.	99 years lease expiring on 31 December 2064	435,600	12,319	11
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 Building is adjoining the property mentioned above.	99 years lease expiring on 31 December 2096	288,803	3,365	8
Country Lease 025359951 Kampung Lanas Mukim of Kimanis Papar District, Sabah.	Open shed timber stock and moulding yard	99 years lease expiring on 31 December 2098	268,406	4,160	2

Analysis of Shareholdings

as at 31st December, 2004

SHARE CAPITAL

Authorised Share Capital	: RM100,000,000
Issued and Fully Paid Up Capital	: RM80,000,000
Class of Shares	: Ordinary shares of RM 0.25 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 99	7	0.66%	116	0.00%
100 - 1,000	42	3.97%	21,780	0.01%
1,001 - 10,000	815	77.03%	3,769,184	1.18%
10,001 - 100,000	159	15.03%	2,920,984	0.91%
100,001 - 15,999,999	33	3.12%	125,731,940	39.29%
Above 16,000,000 (5% & above of issued shares)	2	0.19%	187,555,996	58.61%
Total	1,058	100.00%	320,000,000	100.00%

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2004

Name of Substantial Shareholders	No. of Shares	%
Majid Bin Mat Lazim	160,355,996 (Indirect) *	50.11
Chang Ah Ngau	27,200,000 (Indirect) **	8.50
Wong See Ming	20,225,500 (Direct)	6.32
	160,355,996 (Indirect) *	50.11
Sepang Heights Sdn Bhd	160,355,996	50.11
Cashflow Budget Sdn Bhd	27,200,000	8.50

Note:-

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

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

STATEMENT OF DIRECTORS' INTEREST IN SHARES AS AT 31 DECEMBER 2004

Name	NWP Holdings Berhad	
	Direct Interest	Indirect Interest
	No. of ordinary shares of RM0.25 each	
Majid Bin Mat Lazim	-	160,355,996 *
Chang Ah Ngau	-	27,200,000 **
Wong See Ming	20,225,500	160,355,996 *
Mohd. Zahiri Bin Dato' Haji Maulud	-	-
Lee Khim Sin	-	-

Note:-

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

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

LIST OF 30 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2004

No.	Name of Shareholders	No. of Shares	Percentage
1	Sepang Heights Sdn. Bhd.	160,355,996	50.11
2	Cashflow Budget Sdn. Bhd.	27,200,000	8.50
3	Tibow Sawmill Sdn. Bhd.	15,739,468	4.92
4	HSBC Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Wong See Ming	15,724,700	4.91
5	Fibre Optic World Sdn. Bhd.	14,203,596	4.44
6	Tegas Erti Sdn. Bhd.	13,580,000	4.24
7	Vector Thunder Sdn. Bhd.	9,476,000	2.96
8	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chan Wai Peng	8,483,200	2.65
9	Chan Wai Peng	6,448,000	2.02
10	Wong Oi Sang	6,405,332	2.00
11	Hoh Kim Ling	5,338,668	1.67
12	Pang Kwee Yin	5,333,336	1.67
13	Heliodoro Canalija Dayanan	4,944,000	1.55
14	Wong Yoon Moi	4,538,668	1.42
15	Wong See Ming	4,500,000	1.41
16	HDM Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lim Keng Loong (Memo)	3,068,800	0.96
17	Wong Siew Fong	1,600,400	0.50
18	Ding Ming Tong	1,440,800	0.45
19	Lum Chee Keong	629,100	0.20
20	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Khor Chin Guan	541,500	0.17
21	Wong Say Hong	538,668	0.17
22	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Woon Bew Kuen	492,300	0.15
23	Khor Chin Guan	437,600	0.14
24	Perbadanan National Berhad	336,800	0.11
25	Choo Kam Lee	312,200	0.10
26	Woon Bew Kuen	276,400	0.09
27	Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged securities for Harbans Singh A/L Sadhu Singh (472385)	200,000	0.06
28	HLB Nominees (Asing) Sdn. Bhd. Pledged securities for Tok Boon Seong	200,000	0.06
29	Teh Beng Geok	197,868	0.06
30	Tok Boon Seong	185,200	0.06

Proxy

Form

Fifth Annual General Meeting



NWP Holdings Berhad

(495476-MO)

Incorporated In Malaysia)

*I/We.....NRIC No.:
(Full name in block letters)

of.....
(Full address)

being a Member/Members of NWP HOLDINGS BERHAD (Company No. 495476-M), hereby appoint

.....NRIC No.:
(Full name in block letters)

of
(Full address)

or failing him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifth 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 Thursday, 24th day of February 2005 at 9.00 a.m and at any adjournment thereof *for / against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Accounts of the Company for the year ended 31 August 2004 and the Reports of the Directors and Auditors thereon.		
2.	To re-elect En. Majid Bin Mat Lazim as a Director. (Article 77)		
3.	To re-elect Mr Chang Ah Ngau as a Director. (Article 77 & 116)		
4.	To re-appoint Messrs. Yeap Cheng Chuan & Co as the Company's Auditors and to authorize the Directors to fix their remuneration.		
5.	As Special Business:- <u>Ordinary Resolution</u> Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

Signed this _____ day of _____ 2005

No. of shares held

Signature(s) of Shareholder(s)

* Delete as appropriate.



Notes:

1. A member of the Company 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. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. A member who is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one (1) proxy in respect of each securities account.
5. 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.
6. 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 forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix
Stamp
Here

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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