

NWA

HOLDINGS BERHAD

495476-M



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■ notice of sixth annual general meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Tiara Intan, Hotel Singgahsana Petaling Jaya, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan on Monday, 27th February 2006 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 31st August 2005 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 Mohd Zahiri Bin Dato' Haji Maulud (Article 77) **(RESOLUTION 2)**
 - b) Mr Lee Khim Sin (Article 77) **(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: -** **(RESOLUTION 5)**
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".

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

27th January 2006

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 two (2) or more proxies, he shall specify the proportion of his shareholdings 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 sixth 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 Sixth Annual General Meeting (“AGM”)

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

Date : 27th February 2006

Time : 9.00 a.m.

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

- i) En Mohd Zahiri Bin Dato’ Haji Maulud
- ii) Mr Lee Khim Sin

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 Mohd Zahiri Bin Dato’ Haji Maulud and Mr Lee Khim Sin were to retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election.

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

3. Attendance at Board Meetings

During the last financial year ended 31st August 2005, there were five (5) Board Meetings held. The details of attendance of each Director are as follows:-

Name	No. of meetings attended
Encik Majid bin Mat Lazim	5 / 5
Mr Chang Ah Ngau	5 / 5
Mr Wong See Ming	5 / 5
Encik Mohd Zahiri bin Dato’ Haji Maulud	5 / 5
Mr Lee Khim Sin	5 / 5

4. Place, date and time of Board Meetings held during the financial year ended 31st August 2005.

Meeting	Date	Time	Venue
3/2004	27/10/2004	2.30 p.m.	2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.
4/2004	23/12/2004	2.30 p.m.	2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.
1/2005	28/04/2005	3.00 p.m.	2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.
2/2005	11/05/2005	9.00 a.m.	56km, Jalan Kimanis, Beaufort Highway, Kimanis, P.O. Box 362, 89608 Papar, Sabah.
3/2005	27/07/2005	2.30 p.m.	2nd Floor, 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

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

Encik Mohd Zakie Bin Soad
(LS 0008268)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Operation Office

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

Head Office & 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.
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. (AF: 0116)
Suite 609, Block C,
Phileo Damansara 1,
9, Jalan 16/11,
Off Jalan Damansara,
46350 Petaling Jaya,
Selangor Darul Ehsan.

SOLICITORS

Shui-Tai Advocates & Solicitors
Entrance 2, Suite 1308, 13th Floor,
Block A, Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya, Selangor.

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
("Bursa Securities")
Main Board



Dear Shareholders

On behalf of the Board, I have the pleasure to present to you the Annual Report and Audited Financial Statements of NWP Holdings Berhad for the financial year ended 31st August 2005.

FINANCIAL HIGHLIGHTS

During the year under review, the Group registered a profit before taxation of RM 1.98 million on a turnover of RM 39.00 million as compared to the profit before taxation of RM 4.09 million on a turnover of RM 49.80 million achieved in 2004. The lower profit before taxation and turnover were principally due to the sharp increase in raw material cost and fuel price resulting in a higher direct operating cost. There is also stiff market competition, especially from low-cost producing countries competing in the same market segment.

CORPORATE DEVELOPMENTS

The Company announced on 14th January 2005 that its wholly-owned subsidiary, NWP Industries Sdn. Bhd. (hereinafter called "NWPI"), had entered into an agreement to operate as a log harvesting contractor.

On 31st August 2005, NWPI was awarded the Chain-of-Custody ("COC") Certificate by Forest Stewardship Council ("FSC"). With this certificate, NWPI will now be able to meet sales demand for 100% FSC-certified sawn timber and moulding products.

■ chairman's statement

PROSPECTS

The Company will continue to focus on its core timber business. At the same time, the Board of Directors will continuously re-examine its business strategy to enhance the Group's profitability, cashflow position and long-term recurring-income, including to actively seek for new markets and viable business ventures.

During the year, the Company has decided to go upstream to secure raw material, i.e. engaging in logging activities. Adding to that, with the COC Certificate from FSC, the Group will venture into new market segments, as part of its on-going business strategy.

The Group has been operating in highly competitive industries but is prepared to face continuing stiff competition and margin pressure from other low-cost producing countries. Barring unforeseen circumstances, the Group is confident that, with prudent management and effective cost-control in place, it can achieve a satisfactory result for the coming financial year.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank all the Directors, management and staff for their hard work, dedication and contribution towards the Group and also to our valued customers, business partners and shareholders for their continued strong support and trust. Last but not least, my most sincere appreciation to the various relevant authorities and bankers for their invaluable guidance and advise rendered.

Majid Bin Mat Lazim

Chairman



MAJID BIN MAT LAZIM

Executive Chairman

Malaysian, aged 45, is the Executive Chairman of the Company, appointed to the Board of Directors on 19th July 2000.

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

He has more than twenty years experience in the timber moulding 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 31st August 2005.

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 55, is the Managing Director of the Company, appointed to the Board of Directors on 19th July 2000.

He has more than twenty 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 31st August 2005.

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 39, is an Executive Director of the Company, appointed to the Board of Directors on 29th 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 ten 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.

■ profile of board of directors

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 31st August 2005.

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

He holds a Degree in Business Administration (Honours) from University Technology Mara. He is the Director of Alif Food Industries Sdn Bhd, a Company involved in the manufacturing of processed food, since 2002. He is also an Independent Non-Executive Director of Bright Packaging Industry Berhad, a Company listed on the Second Board of the Bursa Securities.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He has attended all the Board and Audit Committee meetings of the Company held in the financial year ended 31st August 2005.

He does not have any family relationship with any Directors and/or major Shareholders of the Company. He has no conflict of interest with the Company and has had no convictions for any offences within the past ten years.

LEE KHIM SIN

Independent Non-Executive Director

Malaysian, aged 65, is an Independent Non-Executive Director of the Company, appointed to the Board of Directors on 19th 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 thirty 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. He has attended all the Board and Audit Committee meetings held in the financial year ended 31st August 2005.

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 31st August 2005.

COMPOSITION OF MEMBERS

1. MEMBERS

The Audit Committee presently comprises the following members: -

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

2. MEETINGS

During the financial year ended 31st August 2005, the Audit Committee held a total of four (4) meetings. The date of meeting and details of attendance by each member at the Committee meetings during the year is as follows:-

Date of Meeting Held

27th October 2004
23rd December 2004
28th April 2005
27th July 2005

Name of Member	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%

Details of meeting

- 2.1 The Committee shall meet at least four (4) times a year. The additional meetings may be called at any time at the Audit Committee Chairman's discretion. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable at least seven (7) days prior to the meeting. Quarterly results and annual financial statements reviewed by the Audit Committee before presenting to the Board for approval.
- 2.2 In addition to the above, upon request of any member of the Audit Committee, the External

Auditors and Internal Auditors, Chairman of the Committee shall convene a meeting of the Committee to consider the matters brought to their attention.

- 2.3 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.
- 2.4 Other Directors, representatives of External Auditors, Internal Auditors and any members of senior management or any other relevant employees within the Group may be invited to attend as determine by the Chairman.

TERMS OF REFERENCE

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. Membership

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 must 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 Accounts 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. Attendance at meeting

The Audit Committee Members may invite other Directors, Senior Management or the employees of the Group to attend any particular Audit Committee meeting.

4. Frequency and Procedures of Meetings

Meetings shall be held at least once every quarter in a calendar year. The Audit Committee shall regulate its own procedures, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meeting;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of the minutes; and
- (e) the custody, production and inspection of such minutes.

5. Rights of Audit Committee

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. Functions and Duties of Audit Committee

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 full Board;
- (h) to review interim financial information and press releases of financial content;
- (i) to review any significant transactions which are not a normal part of the Company's business;
- (j) to review any significant related party transactions that may arise within the Group;

■ audit committee report

- (k) to recommend to the Board of Directors the appointment or termination of the External Auditors and the audit fee thereof; and
- (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 of 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 embezzlement of 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”) recognizes that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components for the Group’s continued growth and success. These will not only safeguard and enhance shareholders value but will at the same time ensure that the interests of other stakeholders are protected. The Board is pleased to disclose that the Company has adopted the Company Disclosure policies and procedures as recommended by the Task Force on Corporate Disclosure Best Practice.

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 31st August 2005.

THE 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 profile of each Director is presented on pages 7 to 8 of this Annual Report.

Board Meetings

Meetings of the Board are scheduled every quarter, with additional meetings convened as and when required. During the financial year ended 31st August 2005, five (5) Board meetings were held. A majority of the Directors attended all Board meetings held during their tenure.

Attendance Of The Meetings

The composition of the Board, and the attendance of each Director at the Board meetings held during the financial year are as follows:-

Board of Directors	Status of Directorship	Date of Appointment	Attendance	% of Attendance
Encik Majid Bin Mat Lazim	Executive Chairman	19-07-2000	5 / 5	100
Mr. Chang Ah Ngau	Managing Director	19-07-2000	5 / 5	100
Mr. Wong See Ming	Executive Director	29-01-2001	5 / 5	100
Encik Mohd Zahiri Bin Dato’ Haji Maulud	Independent Non-Executive Director	19-07-2000	5 / 5	100
Mr. Lee Khim Sin	Independent Non-Executive Director	19-07-2000	5 / 5	100

■ statement of corporate governance

Appointment and election to the Board

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.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Training Sdn. Bhd. During the financial year, the Directors also attended other Bursa Malaysia accredited continuing programme for Directors of public listed companies. All the Directors were successfully to accumulate the total 72 points requires under Practice Note No. 15/2003 of the Bursa Securities Listing Requirements. Apart from these training, the Group encourages its Directors to attend training programmes on a continuous basis to enhance their understanding and to keep abreast with current developments.

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.

In advance of each Board meeting, the members of the Board are each provided with relevant documents and information to enable the Directors to obtain further

explanation, where necessary, in order to be briefed properly before the meeting. Comprehensive Board papers are presented details of the Group's performance, other issues that may require the Board's deliberation or decisions, policies, strategies issues which may affect the Group's business and factors imposing potential risks affecting the performance of the Group.

In addition to Group performances discussed at the meeting, other matters highlighted for the Board's decision include the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

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.

statement of corporate governance

- (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.

Board Committees

The Board Committees are established to assist the Board in discharging its fiduciary duties and responsibilities, in order to enhance business and operational efficiency as well as effectiveness. The number of meetings of the Board Committees held during the financial year were as shown below:-

(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 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 Independent Non-Executive Directors. 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; and
- (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 26th July 2001 and the members of the Remuneration Committee 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

Committees	No. of meeting held	Chaired by
(i) Audit Committee	4 meetings	Independent Non-Executive Director
(ii) Nomination Committee	1 meeting	Independent Non-Executive Director
(iii) Remuneration Committee	0 meeting	Independent Non-Executive Director
(iv) Investment Committee	1 meeting	Executive Chairman

■ statement of corporate governance

remuneration packages of Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration; and

- (b) to assist 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 27th 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 23rd December 2004. They will meet as and when required. The

quorum of meeting all consist at least two (2) Committee members.

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

- (a) to identify, explore and evaluate all potential investment opportunities available with the objective of enhancing the Group's performance and profitability; and
- (b) to explore all the investment opportunities not limited in the scope of industries that the timber based which is synergistic to the current Group's core business but are expanded to include all other high growth industry wherein the returns on investment are positive.

DIRECTORS' REMUNERATION

The remuneration framework for Executive Directors has an underlying objective of attracting and retaining Directors needed to run the Company successfully. Remuneration packages of Executive Directors are structured to commensurate with corporate and individual's performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

The aggregate remuneration of Directors were paid by its subsidiary are categorised into following components:-

Board of Directors	Directors' Fees (RM'000)	Directors' Salaries, Emoluments & Allowances (RM'000)	Total (RM'000)
Executive Directors	-	204	204
Non-Executive Directors	42	-	42
Total	42	204	246

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

Range of Remuneration	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 to RM100,000	3	-

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognizes the important of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, quarterly financial results, circulars to Shareholders and the various announcements released from time to time. The timely released of financial results on a quarterly basis via announcement will provides the Shareholders with an overview of the Company business and operations.

The Group has an interactive web-site available at <http://www.nwp.com.my> to communicate with investors and the investing public. The web-site is being used as a forum to answer inquiries and provide information on the activities of the Group.

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 the 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 Securities 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.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospect in all their reports to Shareholders, Investors and regulatory authorities 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 statements 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 pages 19 to 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 Audit Committee has always maintained a professional relationship with the External Auditors.

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. The External Auditors are elected every year during the AGM.

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.

■ statement of corporate governance

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31st August 2005, 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.

The statement which should be read in conjunction with the Report of the Auditors set out on page 27 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.

COMPLIANCE WITH THE CODE

The Group has complied with the Code throughout the financial year ended 31st August 2005.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following additional information is provided:-

During the financial year under review, there were no:-

- (i) non-audit fees paid to External Auditors for the financial year;
- (ii) profit estimates, forecasts or projections;
- (iii) utilisation of proceeds raised from any proposal;
- (iv) share buybacks;

- (v) options, warrants or convertible securities exercised;
- (vi) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;
- (vii) sanctions and/or penalties imposed on the Company and its subsidiary, Directors or Management by the relevant regulatory bodies;
- (viii) material variance between the results for the financial year and the unaudited results previously announced;
- (ix) profit guarantees given by the Company;
- (x) recurrent related party transactions of revenue or trading nature;
- (xi) material contracts between the Company and its subsidiary that involve Directors' or major Shareholders interests;
- (xii) contract of loans between the Company and its subsidiary that involve Directors' or major Shareholders interests; and
- (xiii) revaluation policy on landed properties.

INTRODUCTION

The Malaysian Code on Corporate Governance required listed companies to maintain a sound system of internal control to safeguard the Shareholders' investments and the Group's assets. Pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires Malaysian public listed companies to make a statement about their state of internal control, as a Group, in their annual report.

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 Board also aware that reviewing of the Company's internal control system is a concerted and a continuing process.

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.

During the financial year, the Group's have not engage in any material losses, contingencies or uncertainties that would requires disclosure in the Group's annual report.

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 page 40 of the Annual Report.

■ statement of internal control

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 on monthly basis for effective monitoring, decision-making and facilitate effective discussion 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 each Heads of Departments who have many years of accumulated experience within the Group exercise a hands-on-hands approach on the operational and financial affairs of the Company and the 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

Risk management and prudent control is an integral part of the Board's Committee to providing consistent and high quality returns to the Shareholders. The Board is of the view that risk management policy adopted by the Group has been in place for the year under review and up to the date of annual report is sound and sufficient. The Board is assured that this system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risks and to achieve its business objectives.

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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, 2005.

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 for the financial year	1,897,006	137,942
Unappropriated profits/(Accumulated losses) brought forward	11,545,156	(78,220)
Unappropriated profits carried forward	13,442,162	59,722

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.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 14th January, 2005, the Group's wholly owned subsidiary, NWP Industries Sdn. Bhd. entered into a Timber Harvesting Agreement as log harvesting contractor.

ISSUE OF SHARES

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

OPTIONS

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

DIRECTORS

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

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

In accordance with the Articles of Association, Mohd Zahiri Bin Dato' Haji Maulud and Lee Khim Sin 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 during the financial year are as follows:-

	...Number of Ordinary Share of RM0.25 sen each..			Balance 31.08.2005
	Balance 01.09.2004	Bought	Sold	
MAJID BIN MAT LAZIM				
- indirect*	167,655,996	-	7,300,000	160,355,996
CHANG AH NGAU				
- indirect**	27,200,000	-	-	27,200,000
WONG SEE MING				
- indirect*	167,655,996	-	7,300,000	160,355,996
- direct	10,544,800	9,680,700	-	20,225,500

* Held through Sepang Heights Sdn. Bhd. which owns 50.11% equity of the Company.

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

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the fees and emoluments as shown in Note 16 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 : 28th December 2005

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, 2005 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 : 28th December 2005

 **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 Kuala Lumpur this
28th day of December, 2005.

WONG SEE MING

Before me,

Commissioner for Oaths
Mohd Radzi Bin Yasin
No. W 327

We have audited the accompanying financial statements set out on pages 28 to 47. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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, 2005 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 subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

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

YEAP CHENG CHUAN & CO.

No. AF 0116
Chartered Accountants

YEAP CHENG CHUAN

No. 566/4/06 (J/PH)
Chartered Accountant

Petaling Jaya,
Date : 28th December 2005

consolidated balance sheet

as at 31st August, 2005

	Note	2005 RM	2004 RM
PROPERTY, PLANT & EQUIPMENT	4	42,677,582	44,117,927
DEFERRED EXPENDITURE	5	2,148,362	2,374,192
CURRENT ASSETS			
Inventories	7	26,936,220	25,500,219
Receivables	8	29,737,851	22,505,901
Tax recoverable		32,255	32,255
Fixed deposits with licensed banks	9	6,283,796	6,610,334
Cash and bank balances		573,714	3,759,340
		63,563,836	58,408,049
Less:			
CURRENT LIABILITIES			
Payables	10	1,235,952	2,803,759
Bank borrowings	11	6,147,233	3,982,469
Hire purchase creditors	12	202,458	-
		7,585,643	6,786,228
Net current assets		55,978,193	51,621,821
		100,804,137	98,113,940
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 PROFITS		13,442,162	11,545,156
		100,010,946	98,113,940
HIRE PURCHASE CREDITORS	12	793,191	-
		100,804,137	98,113,940

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, 2005

	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Unappropriated Profits RM	Total RM
Balance at 1st September, 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
Net profit for the year	-	-	-	1,897,006	1,897,006
Balance at 31st August, 2005	80,000,000	4,018,960	2,549,824	13,442,162	100,010,946

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, 2005

	Note	2005 RM	2004 RM
Revenue	15	38,998,516	49,795,486
Cost of sales		(34,809,826)	(44,096,706)
Gross profit		4,188,690	5,698,780
Other operating income		203,750	342,433
Administrative expenses		(1,627,234)	(1,282,814)
Other operating expenses		(514,270)	(312,200)
Profit from operations	16	2,250,936	4,446,199
Finance costs	17	(353,930)	(359,609)
Profit before taxation		1,897,006	4,086,590
Taxation	18	-	30,000
Net profit for the year		1,897,006	4,116,590
Basic earnings per share (sen)	19	0.59	1.29

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, 2005

	Note	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,897,006	4,086,590
Adjustments for:-			
Amortisation of deferred expenditure		225,830	625,808
Depreciation of property, plant and equipment		4,237,036	4,198,614
Interest expense		353,930	359,609
Interest income		(203,462)	(342,433)
Gain on disposal of plant and equipment		(287)	-
Operating profit before working capital changes		6,510,053	8,928,188
Changes in inventories		(1,436,001)	(3,184,040)
Changes in receivables		(7,231,950)	(5,905,896)
Changes in payables		(188,807)	1,578,946
Cash (absorbed)/generated from operations		(2,346,705)	1,417,198
Interest paid		(350,568)	(359,215)
Net cash (used)/provided by operating activities		(2,697,273)	1,057,983
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of plant and equipment		1,860	-
Purchase of property, plant and equipment	20	(2,798,264)	(3,513,323)
Interest received		203,462	342,433
Deferred expenditure		-	(3,000,000)
Net cash used by investing activities		(2,592,942)	(6,170,890)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(3,362)	(394)
Proceed from hire purchase creditors		1,012,000	-
Repayment of hire purchase		(16,351)	(1,914)
Net cash provided/(used) by financing activities		992,287	(2,308)
Net decrease in cash and cash equivalents		(4,297,928)	(5,115,215)
Cash and cash equivalents brought forward		9,389,205	14,504,420
Cash and cash equivalents carried forward		5,091,277	9,389,205
Cash and cash equivalents comprises:-			
Cash and bank balances		573,714	3,759,340
Fixed deposits with licensed banks	9	6,283,796	6,610,334
Bank overdrafts	11	(1,766,233)	(980,469)
		5,091,277	9,389,205

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, 2005

	Note	2005 RM	2004 RM
INVESTMENT IN SUBSIDIARY COMPANY	6	91,677,668	91,540,242
CURRENT ASSETS			
Deposits and prepayments	8	4,500	5,550
Cash and bank balances		514	4,214
		5,014	9,764
Less:			
CURRENT LIABILITIES			
Payables	10	4,000	9,266
Net current assets		1,014	498
		91,678,682	91,540,740
Represented by:-			
SHARE CAPITAL	13	80,000,000	80,000,000
SHARE PREMIUM		11,618,960	11,618,960
ACCUMULATED PROFIT/(LOSSES)		59,722	(78,220)
		91,678,682	91,540,740

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, 2005

	Share Capital RM	Share Premium RM	Unappropriated Profits/ (Accumulated Losses) RM	Total RM
Balance at 1st September, 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
Net profit for the year	-	-	137,942	137,942
Balance at 31st August, 2005	80,000,000	11,618,960	59,722	91,678,682

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, 2005

	Note	2005 RM	2004 RM
Revenue	15	200,000	-
Administrative expenses		(43,760)	(55,885)
Other operating expenses		(18,298)	(73,664)
Net profit/(loss) for the year		137,942	(129,549)
Basic earnings/(loss) per share (sen)	19	0.04	(0.04)

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, 2005

	2005	2004
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss before working capital changes	137,942	(129,549)
Changes in receivables	1,050	-
Changes in payables	(5,266)	1,897
Dividend income	(200,000)	-
Net cash used by operating activities	(66,274)	(127,652)
CASH FLOWS FROM INVESTING ACTIVITY		
Dividend received	200,000	-
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment from subsidiary company	(137,426)	127,100
Net decrease in cash and cash equivalents	(3,700)	(552)
Cash and cash equivalents brought forward	4,214	4,766
Cash and cash equivalents carried forward	514	4,214
Cash and cash equivalent comprises:-		
Cash and bank balances	514	4,214

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, 2005

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 and marketing office of the subsidiary Company is located at 56 Km, Jalan Kimanis, Beaufort Highway, P.O. Box 362, 89608 Papar, Sabah and 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).

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 of the respective leases which range from 64 years to 96 years. Capital work-in-progress is not depreciation until the property, plant and equipment are fully completed and brought into use.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of the asset to its residual value 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
Road	10

(e) Inventories

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

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

The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present locations and conditions. The cost of 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.

notes to the financial statements

- 31st August, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (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) Borrowings
Borrowings are stated at their face values. Interest incurred on borrowings is charged to the income statement as expense as and when incurred.
- (i) Leases
Assets acquired under leases which in substance transfer all the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding liabilities are taken up as lease creditors. These assets are depreciated on the same basis as that of the Group's other assets. The finance charges are allocated to the income statement so as to give a constant periodic rate of charge on the remaining lease liability.

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

- (j) Foreign Currencies
Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the dates of the transaction. All exchange differences are taken to the income statement.

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

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

Foreign currency	2005 RM	2004 RM
1 US Dollar	3.7980	3.8250

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

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

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined net of amortisation and depreciation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income Recognition

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

(m) Income Tax

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

Deferred tax is 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 asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 asset is reviewed at 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 is 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.

(n) Employee Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Company.

(ii) Defined contribution plans

The Company's contribution to defined contribution plans are charged to the income statements in period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(o) 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.

notes to the financial statements

- 31st August, 2005

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.

(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) 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

	Leasehold lands, buildings and quarters RM	Motor vehicles, plant & machinery, tools, factory equipment RM	Office renovation, furniture & fittings, electrical installation and equipment RM	Road and work-in- progress RM	Total RM
Cost/ valuation					
At 01.09.2004	20,725,541	40,615,083	2,138,245	-	63,478,869
Additions	70,000	1,667,811	45,660	1,014,793	2,798,264
Disposals	-	-	(1,860)	-	(1,860)
At 31.08.2005	20,795,541	42,282,894	2,182,045	1,014,793	66,275,273

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

GROUP

	Leasehold lands, buildings and quarters RM	Motor vehicles, plant & machinery, tools, factory equipment RM	Office renovation, furniture & fittings, electrical installation and equipment RM	Road and work-in- progress RM	Total RM
Accumulated Depreciation/amortisation					
At 01.09.2004	754,245	17,761,828	844,869	-	19,360,942
Charge for the financial year	382,071	3,644,395	177,237	33,333	4,237,036
Disposals	-	-	(287)	-	(287)
At 31.08.2005	1,136,316	21,406,223	1,021,819	33,333	23,597,691
Net book value					
At 31.08.2005	19,659,225	20,876,671	1,160,226	981,460	42,677,582
At 31.08.2004	19,971,296	22,853,255	1,293,376	-	44,117,927
Depreciation charged for the financial year ended 31.08.2004	373,904	3,651,304	173,406	-	4,198,614

- (a) Leasehold lands 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 lands stated at net book value of RM1,824,501 (2004 : RM1,854,411) was charged to a bank to secure banking facilities as referred to in Note 11 to the financial statements.
- (c) Work-in-progress represents extension work on the Company's factory building.

5. DEFERRED EXPENDITURE

	GROUP	
	2005 RM	2004 RM
At 1st September	2,374,192	-
Add : Additions	-	3,000,000
Less : Accumulated amortisation	(225,830)	(625,808)
At 31st August	2,148,362	2,374,192

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

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

notes to the financial statements

- 31st August, 2005

6. INVESTMENT IN SUBSIDIARY COMPANY

	2005 RM	2004 RM
Unquoted shares, at cost	53,640,714	53,640,714
Amount due by subsidiary	38,036,954	37,899,528
	91,677,668	91,540,242

The subsidiary company as at 31st August, 2005 is:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2005	2004
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	
	2005 RM	2004 RM
At cost		
Raw materials	18,319,943	15,298,182
Work-in-progress	6,093,594	5,501,095
Finished goods	2,522,683	4,700,942
	26,936,220	25,500,219

8. RECEIVABLES

	GROUP	
	2005 RM	2004 RM
Trade receivables		
- Gross receivables	21,374,666	16,956,399
- Allowance for doubtful debts	(58,710)	(58,710)
	21,315,956	16,897,689
Other receivables	236,893	166,289
Deposits	8,035,957	5,437,298
Prepayments	149,045	4,625
	29,737,851	22,505,901
	COMPANY	
Deposits	2,000	2,000
Prepayments	2,500	3,550
	4,500	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	
	2005 RM	2004 RM
With licensed banks	6,283,796	6,610,334

The fixed deposits at the balance sheet date yield interest at rates ranging from 2.6% to 3.00% per annum with 30 days maturity.

10. PAYABLES

	GROUP	
	2005 RM	2004 RM
Trade payables	547,328	2,139,347
Other payables	414,319	407,769
Accrued liabilities	255,843	253,738
Deposits	18,462	2,905
	1,235,952	2,803,759
	COMPANY	
Other payables	-	2,033
Accrued liabilities	4,000	7,233
	4,000	9,266

11. BANK BORROWINGS

	GROUP	
	2005 RM	2004 RM
Bank overdrafts	1,766,233	980,469
Bills payable	4,381,000	3,002,000
	6,147,233	3,982,469

The bank borrowings are secured by:-

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

The bank overdraft bears interest ranging from 1.5% to 2.0% (2004 : 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 payables bear acceptance commission at rates ranging from 3.00% to 3.35% (2004 : 3.00% to 3.35%) per annum.

As at 31st August, 2005, the Company has no overdraft balances.

notes to the financial statements

- 31st August, 2005

12. HIRE PURCHASE CREDITOR

	GROUP	
	2005 RM	2004 RM
Total future installments payable	1,197,339	-
Unexpired interest	(201,690)	-
Total future principal payable	995,649	-
Future installments payable		
- not later than one year	243,468	-
- not later than one year and not later than five years	953,871	-
	1,197,339	-
Future principal payable		
- not later than one year <i>(included under current liabilities)</i>	202,458	-
- not later than one year and not later than five years	793,191	-
	995,649	-

13. SHARE CAPITAL

	GROUP/COMPANY	
	2005 RM	2004 RM
Authorised Ordinary shares of RM0.25 each	100,000,000	100,000,000
Issued and fully paid up Ordinary shares of RM0.25 each	80,000,000	80,000,000

14. REVALUATION RESERVE

	GROUP	
	2005 RM	2004 RM
Revaluation of leasehold land and buildings		
- Balance at 1st September/Balance at 31st August	2,549,824	2,549,824

15. REVENUE

	GROUP	
	2005 RM	2004 RM
Sale of goods	38,074,930	49,377,459
Services rendered	923,586	418,027
	38,998,516	49,795,486

notes to the financial statements

- 31st August, 2005

15. REVENUE (CONTINUED)

	COMPANY	
	2005	2004
	RM	RM
Dividend received	200,000	-

16. PROFIT FROM OPERATIONS

	GROUP	
	2005	2004
	RM	RM
Profit from operations is stated:-		
After charging:-		
Auditors' remuneration:-		
- current year provision	13,000	15,000
- overprovision in prior year	(2,000)	(3,000)
Depreciation of property, plant and equipment	4,237,036	4,198,614
Directors' remuneration:-		
- Fee	42,000	42,000
- Allowance	73,236	73,060
- Salaries	115,284	112,909
- Other emoluments	15,133	14,691
Loss on foreign exchange - realised	3,182	1,696
Rental	120,000	123,500
And crediting:-		
Fixed deposit interest received	203,462	342,433
Gain on disposal of plant and equipment	287	-

	COMPANY	
	2005	2004
	RM	RM
Profit from operations is stated:-		
After charging:-		
Auditors' remuneration	2,000	2,000

17. FINANCE COSTS

	GROUP	
	2005	2004
	RM	RM
Interest on hire purchase	3,362	394
Bank overdraft interest	284,297	286,405
Bank interest	66,271	72,810
	353,930	359,609

notes to the financial statements

- 31st August, 2005

18. TAXATION

	GROUP	
	2005 RM	2004 RM
Income tax:-		
- Overprovision in prior year	-	(30,000)

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/Company is as follows:-

	GROUP	
	2005 RM	2004 RM
Profit before taxation	1,897,006	4,086,590
Statutory tax rate of 28% (2004 : 28%)	531,162	1,144,246
Effect of deductible temporary differences not recognised	(551,395)	(1,398,515)
Non deductible expenses	20,233	254,269
Overprovision in prior years	-	(30,000)
Tax expense for the year	-	(30,000)

	COMPANY	
	2005 RM	2004 RM
Profit/(Loss) before taxation	137,942	(129,549)
Statutory tax rate of 28% (2004 : 28%)	38,624	(36,274)
Non deductible expenses	(38,624)	36,274
Tax expense for the year	-	-

The timing differences of which deferred tax assets have not been recognised in the financial statements as at 31st August, 2005 were as follows:-

	GROUP	
	2005 RM	2004 RM
Reinvestment allowances	19,056,000	19,101,000
Unabsorbed capital allowances	3,497,000	4,289,000
	22,553,000	23,390,000

Subject to agreement with the Inland Revenue Board, based on the estimated tax credits and exempt income accounts balance available, approximately RM21,221,000 (2004 : RM21,498,000) of the unappropriated profit of the Group and the entire unappropriated profit of the Company as at 31st August 2005 and 2004 are available for distribution by way of dividends without incurring additional tax liability.

19. EARNINGS PER SHARE

- (a) Basic earnings per share
Earnings per share is calculated based on the net profit for the financial year of RM1,897,006 (2004 : RM4,116,590) for the Group and net profit for the financial year of RM137,942 (2004 : Net loss for the financial year of RM129,549) for the Company on the number of 320,000,000 (2004 : 320,000,000) ordinary shares of RM0.25 each.
- (b) Fully diluted earnings per share
The group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share has not been presented.

20. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,798,264 (2004 : RM3,513,323).

The acquisition has paid for as follows:-	2005 RM	2004 RM
Cash	1,786,264	3,513,323
Hire purchase financing	1,012,000	-
	2,798,264	3,513,323

21. HOLDING COMPANY

The holding company is Sepang Heights Sdn. Bhd., a company incorporated in Malaysia which holds 50.11% equity of the Company.

22. SEGMENT REPORTING

The Group and its subsidiary are principally engaged in the operations of manufacturing segment within one industry. The other segments are not significant to be disclosed under the requirements of M.A.S.B. 22 - Segment Reporting.

23. EMPLOYEES' INFORMATION

Staff costs	GROUP/COMPANY	
	2005 RM	2004 RM
Salaries, wages and allowances	2,345,063	2,006,416
Defined contribution plan	177,353	154,327
Other employees' benefit	193,388	60,301
	2,715,804	2,221,044

The number of employees in the Group and in the Company (excluding Directors) as at 31st August, 2005 were 262 (2004 : 307) and Nil (2004 : Nil) respectively.

24. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Company's financial statements were authorised for issue on 28th December, 2005 by the Board of Directors.

■ list of properties

as at 31st August, 2005

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	12,037	12
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	3,327	9
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	4,109	3

analysis of shareholdings

as at 31st December, 2005

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Capital	:	RM80,000,000
Class of Shares	:	Ordinary shares of RM0.25 each
Voting Rights	:	One vote per shareholder on a show of hand One vote per share on a poll

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
Less than 100	13	1.18%	316	0.00%
100 – 1,000	46	4.19%	22,352	0.01%
1,001 – 10,000	818	74.50%	3,799,812	1.19%
10,001 – 100,000	182	16.58%	3,479,984	1.09%
100,001 – 15,999,999	37	3.37%	125,141,540	39.11%
16,000,000 and above*	2	0.18%	187,555,996	58.61%
Total	1,098	100.00%	320,000,000	100.00%

Note:-

* 5% & above of issued share capital

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31ST DECEMBER 2005

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 31ST DECEMBER 2005

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.

analysis of shareholdings

as at 31st December, 2005

LIST OF 30 LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2005

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	Chan Wai Peng	14,628,300	4.57
5	Fibre Optic World Sdn. Bhd.	14,203,596	4.44
6	Tegas Erti Sdn. Bhd.	13,580,000	4.24
7	Wong See Ming	9,841,700	3.08
8	Vector Thunder Sdn. Bhd.	9,476,000	2.96
9	Wong Oi Sang	6,405,332	2.00
10	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Wong See Ming (36311 KLNG)	6,000,000	1.88
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	ABB Nominee (Tempatan) Sdn. Bhd. Pledged securities account for Wong See Ming	4,383,000	1.37
16	Lim Keng Loong	2,863,100	0.89
17	Ding Ming Tiong	1,440,800	0.45
18	Wong Siew Fong	1,198,600	0.37
19	Lum Chee Keong	629,100	0.20
20	Khor Chin Guan	560,500	0.18
21	Wong Say Hong	538,668	0.17
22	Wong Bew Kuen	537,200	0.17
23	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Kee Wah Seng (Teluk Intan)	471,000	0.15
24	Choo Kam Lee	312,200	0.10
25	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Lim Yew Teong (REM 646-Margin)	226,000	0.07
26	HLB Nominees (Asing) Sdn. Bhd. Pledged securities account for Tok Boon Seong	200,000	0.06
27	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Harbans Singh A/L Sadhu Singh (E-KLC/JSS)	200,000	0.06
28	Teh Beng Geok	197,868	0.06
29	Tok Boon Seong	185,200	0.06
30	Lee Pak Ling	146,600	0.05

*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 Sixth Annual General Meeting of the Company to be held at Tiara Intan, Hotel Singgahsana, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan on Monday, 27th day of February 2006 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 2005 and the Reports of the Directors and Auditors thereon.		
2.	To re-elect En. Mohd Zahiri Bin Dato' Haji Maulud as a Director. (Article 77)		
3.	To re-elect Mr. Lee Khim Sin as a Director. (Article 77)		
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:- Ordinary Resolution Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

Signed this _____ day of _____ 2006

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. 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.
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 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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