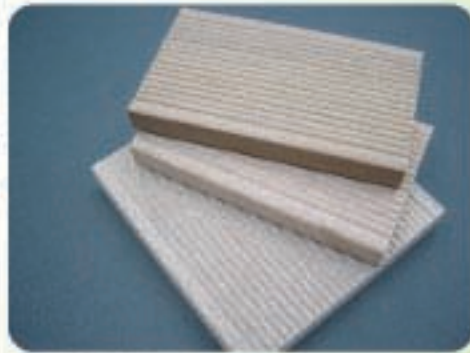


Annual Report 2007

Rising Against All Odds



FSC

100%

From well-managed forests

cert no. SPP-COC-287

www.fsc.org

© 1996 Forest Stewardship Council



CONTENTS

Notice of Eighth Annual General Meeting 2

**Statement Accompanying Notice of
Eighth Annual General Meeting 4**

Corporate Information 5

Chairman's Statement 6

Profile of Board of Directors 8

Audit Committee Report 11

Statement of Corporate Governance 17

Statement of Internal Control 27

Corporate Social Responsibility Report 29

Financial Statements 30

List of Properties 59

Analysis of Shareholdings 60

Proxy Form

NOTICE IS HEREBY GIVEN that the Eighth 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 Thursday, 28th February 2008 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 2007 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) Mr. Chang Ah Ngau (*Article 77*) **(RESOLUTION 2)**
 - b) Mr. Wong Wee Kean (*Article 84*) **(RESOLUTION 3)**
 - c) Datuk Richard Bainon @ Rayner (*Article 84*) **(RESOLUTION 4)**
3. To re-appoint Messrs. Yeap Cheng Chuan & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration. **(RESOLUTION 5)**

AS SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following Ordinary Resolution: -

4. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. **(RESOLUTION 6)**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, where required, the Directors be and are hereby authorised to allot and 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 AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT the Directors of the Company whether solely or jointly, be authorized to complete and do all such acts and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interests of the Company to give effect to the aforesaid mandate."

5. Proposed Amendments to the Articles of Association of the Company

(RESOLUTION 7)

“THAT the Proposed Amendments to the Articles of Association of the Company as set out in Appendix 1 of the Circular to the Shareholders dated 28th January 2008 (“Circular”) be and is hereby approved and adopted;

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendment as aforesaid;

AND FURTHER THAT the Directors and the Secretary of the Company be and are hereby authorised to assent to any conditions, modifications, variations and/or amendments as may be required by Bursa Malaysia Securities Berhad.”

6. 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)

Company Secretary

28 January 2008

Selangor Darul Ehsan

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.*

Explanatory Note for the Special Business :-

- 6. The proposed Resolution No. 6, 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.*
- 7. The Proposed Resolution No. 7, if passed, will inter alia, render the Articles of Association of the Company to be in line with the recent amendments under the Listing Requirements of Bursa Malaysia Securities Berhad*

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

1. The following directors are standing for re-election at the 8th AGM:-

Pursuant to Article 77 of the Company's Articles of Association

- a) Mr. Chang Ah Ngau

Pursuant to Article 84 of the Company's Articles of Association

- a) Mr. Wong Wee Kean
b) Datuk Richard Bainon @ Rayner

2. Further details of the Directors standing for re-election are set out in page 8 & 10 of the Annual Report.

3. The details of securities holdings of the Directors standing for re-election are as follow:-

- a) Mr Chang Ah Ngau

Ordinary shares : Nil (Direct)
: 27,200,000 (Indirect)

- b) Mr Wong Wee Kean : None

- c) Datuk Richard Bainon @ Rayner

Ordinary shares : 237,800 (Direct)

BOARD OF DIRECTORS

Datuk Richard Bainon @ Rayner
Chairman

Mr Chang Ah Ngau
Managing Director

Encik Majid Bin Mat Lazim
Executive Director

Mr Wong See Ming
Executive Director

Mr Lee Khim Sin
Independent Non-Executive Director

Mr Wong Wee Kean
Independent Non-Executive Director

AUDIT COMMITTEE

Mr Lee Khim Sin
Chairman
Independent Non-Executive Director

Datuk Richard Bainon @ Rayner
Member
Non-Independent Non-Executive Director

Mr Wong Wee Kean
Member
Independent Non-Executive Director

NOMINATION COMMITTEE

Mr Lee Khim Sin
Chairman
Independent Non-Executive Director

Mr Wong Wee Kean
Member
Independent Non-Executive Director

REMUNERATION COMMITTEE

Mr Lee Khim Sin
Chairman
Independent Non-Executive Director

Mr Wong Wee Kean
Member
Independent Non-Executive Director

INVESTMENT COMMITTEE

Encik Majid Bin Mat Lazim
Chairman
Executive Director

Mr Chang Ah Ngau
Member
Managing Director

Mr Wong See Ming
Member
Executive Director

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.

COMPANY SECRETARY

Encik Mohd Zakie Bin Sood
(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.
Tel: 088 - 911288 Fax: 088 - 913910

Head Office and Marketing Office
B-2-08, Jalan SS6/20, Dataran Glomac,
Pusat Bandar Kelana Jaya, Petaling Jaya,
Selangor.
Tel: 03 -7880 1155 Fax: 03- 7880 1115

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

PRINCIPAL BANKERS

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

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

Public Bank Berhad
F-07, 08, 09, Jalan SS6/5B
Dataran Glomac,
Pusat Bandar Kelana Jaya
46301 Petaling Jaya, Selangor.

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

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

SOLICITORS

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

STOCK EXCHANGE LISTING

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

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF NWP HOLDINGS BERHAD, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2007.

GROUP FINANCIAL PERFORMANCE

During the financial year under review, the Group registered revenue of RM24.0 million compared with RM31.5 million in 2006. The two new subsidiaries, DMKT Sdn Bhd and Toupos Timber Sdn Bhd, contributed RM2.6 million to the Group's revenue.

The business of the Group, continued to be affected by the increasing prices of fuel and raw materials. Even though it managed to secure its source of timber supply for its downstream activities, the fierce price competition from international players, and the strengthening of our Malaysian Ringgit further reduces our export revenue.

As a result of the difficult operating conditions, the Group recorded a loss after taxation of RM10.6 million compared with a loss of RM6.8 million in 2006.

On a brighter note, the revaluation of our Property, Plant & Equipment by an independent valuer, VPC Alliance (Sarawak) Sdn Bhd, in compliance with Financial Reporting Standards 116 – Property, Plant & Equipment, further increases our Revaluation Reserve by RM5.6 million.

CORPORATE DEVELOPMENTS

As was announced in February 2007, NWP Industries Sdn Bhd (NWPI), a wholly owned subsidiary, terminated the Timber Harvesting Agreement. The termination did not result in any material loss and has negligible impact on the operations of NWPI. The deposit of RM2.0 million, paid as security deposit under the Timber Harvesting Agreement has been duly refunded to the company.

During the year, Toupos Timber Sdn Bhd changed its name to NWP O&M Sdn Bhd and ceased its business of providing saw-milling services. It suffered a loss of RM0.6 million for the financial year ended 31 August 2007. This Company is currently looking at other business opportunities.

PROSPECTS

The Group has taken cognizance of the poor performance of its interior timber moulding products and is shifting its production into exterior timber moulding products to improve profitability.

Towards the end of the financial year, the company has built up raw materials stock in excess of RM10 million, mainly consisting of hardwoods from sustainable forest management sources for its new products. In addition thereto, a new product development team, and marketing team have also been set-up and the company has already started making inroads into the market for its new products. The company expects to see results in the coming financial year.

For the year ahead, the Group will continue with its related activities, and seek opportunities to expand its product range and to diversify into new businesses that will further strengthen the value of the Group. Barring unforeseen circumstances, I am certain we shall perform better in the coming year.

CORPORATE GOVERNANCE

The Group is committed and will continuously develop and enhance its principles on corporate governance, towards the recommendation of Best Practices as contained in the Malaysian Code on Corporate Governance, for the protection and enhancement of stakeholders' value and performance of the Group.

DIVIDENDS

In view of the losses suffered, and to preserve its cashflow for future growth and planned diversification exercise, the Board did not recommend any dividend payment in respect of the current financial year.

APPRECIATION

On 27th August, 2007 En. Mohd Zahiri Bin Dato' Haji Maulud resigned as a director of the Company. On behalf of the Board of Directors, I would like to take this opportunity to convey our appreciation to him for his invaluable contribution to the Company during his term of office.

On 23rd August, 2007 Mr. Wong Wee Kean was appointed to the Board as an Independent Non-Executive Director. On behalf of the Board of Directors, I would like to welcome him to the Board.

On behalf of the Board of Directors, we also take this opportunity to express our sincere appreciation to the management and staff of the Group for their dedicated and diligent services to the Company. We also wish to express our utmost appreciation to the Regulatory Authorities, all business associates and shareholders for their invaluable support and cooperation.

Thank you.

Datuk Richard Bainon
Chairman
23 January 2008

DATUK RICHARD BAINON @ RAYNER

Chairman; Non-Independent Non-Executive Director

Malaysian, aged 55, is the Chairman of the Company, appointed to the Board of Directors on 11th January 2008.

Datuk Richard Bainon is a Kuala Lumpur based Sabah entrepreneur involved in furniture-based manufacturing, logging operations, international trading of wood-based panel, and general construction. Recently he has ventured into the wood chips industry with the setting up of a wood chipping operation in Sabah. A well-traveled businessman, Datuk Richard Bainon has an established marketing operation based in Dubai, UAE covering the Middle East Region.

A graduate in Business Administration, he started his career working as an Export Manager for an established export-based furniture company and was responsible for establishing its marketing network in the Middle East, USA, and the Asia Pacific region. He later joined a major GLC Group, which was among the first Malaysian company to manufacture Medium Density Fibreboard (MDF) as its Senior Manager, Marketing. He was responsible for the company total Marketing operation and marketing of its products globally, which includes the establishment of Dealers network specifically in the Middle East, China, Taiwan, Vietnam, India, and the ASEAN countries.

He has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

He is a member of the Audit Committee. As he was appointed on 11th January 2008, he has not attended any Board and Audit Committee meeting held in the financial year ended 31st August 2007.

CHANG AH NGAU

Managing Director

Malaysian, aged 57, 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 also a member of the Investment Committee of the Company and has attended all the five (5) Board Meetings held in the financial year ended 31st August 2007.

He has no family relationship with any director of the Company; no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

MAJID BIN MAT LAZIM

Executive Director

Malaysian, aged 47, is the Executive Director 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 moulded and related business activities. He also specialises in machinery maintenance and quality control and is very experienced in checking and grading timber products.

Encik Majid is a director and shareholder of Sepang Heights Sdn Bhd, a substantial shareholder of the Company.

He is the Chairman of Investment Committee and has attended all the five (5) Board Meetings held in the financial year ended 31st August 2007.

He has no family relationship with any director of the Company; no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

WONG SEE MING

Executive Director

Malaysian, aged 41, 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.

Mr Wong See Ming is holding shares in direct interest about 6.06% of the Company and he also a director and shareholder of Sepang Heights Sdn Bhd, a substantial shareholder of the Company.

He is also a member of the Investment Committee. He has attended all the five (5) Board Meetings of the Company since his appointment, held in the financial year ended 31st August 2007.

He has no family relationship with any director of the Company; no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

LEE KHIM SIN

Independent Non-Executive Director

Malaysian, aged 67, 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 conviction for offence within the past ten years other than traffic offence.

He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company and has attended all the five (5) Board Meetings and Audit Committee Meetings held in the financial year ended 31st August 2007.

WONG WEE KEAN

Independent Non-Executive Director

Malaysian, aged 47, is an Independent Non-Executive Director of the Company, was recently appointed to the Board of Directors on 23rd August 2007.

He holds a Bachelor of Art Degree in Business Administration from Eastern Washington University, U.S.A. He has more than 15 years of working experience in various industries such as in construction and engineering and predominantly in the specialized field of quality assurance and quality control.

He has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. As he was appointed on 23rd August 2007, he has not attended any Board and Audit Committee meeting held in the financial year ended 31st August 2007.

RESIGNATION

En. Mohd Zahiri Bin Dato' Haji Maulud resigned on 27 August 2007.

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 2007.

COMPOSITION OF MEMBERS

1. MEMBERS

The Audit Committee presently comprises the following members: -

Name of Member	Position
Mr. Lee Khim Sin	Chairman (<i>Independent Non-Executive Director</i>) - Appointed on 24 th July 2000
Datuk Richard Bainon	Member (<i>Non-Independent Non-Executive Director</i>) - Appointed on 11 th January 2008
Mr. Wong Wee Kean	Member (<i>Independent Non-Executive Director</i>) - Appointed on 23 rd August 2007

Mr. Chang Ah Ngau has resigned from being a member of the Audit Committee on 13th December 2007 in compliance with the Malaysian Code on Corporate Governance as was amended on 1st October 2007.

2. MEETINGS

During the financial year ended 31st August 2007, the Audit Committee held a total of five (5) 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

30th October 2006
20th December 2006
25th January 2007
26th April 2007
24th July 2007

Name of Member	Meetings Attended	% of Attendance
Mr Lee Khim Sin	5 / 5	100%
Encik Mohd Zahiri Bin Dato' Haji Maulud *	5 / 5	100%
Mr Chang Ah Ngau	5 / 5	100%
Datuk Richard Bainon**	N/A	N/A
Mr Wong Wee Kean ***	N/A	N/A

* En Mohd Zahiri Bin Dato' Haji Maulud resigned on 27.08.2007

** Datuk Richard Bainon appointed on 11th January 2008

*** Mr Wong Wee Kean appointed on 23.08.2007

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities of the Audit Committee were summarized as follows: -

- a) Reviewed the quarterly financial results announcements for each quarter prior to submission to the Board for their consideration and approval;
- b) Reviewed the audited financial statements for the financial year ended 31 August 2006 together with External Auditors' management letter and management response;
- c) Reviewed together with the valuers and external auditors on the Valuation Report on the Group's Property, Plant and Equipment dated 31st August 2007 as was conducted by independent valuer, VPC Alliance (Sarawak) Sdn Bhd.
- d) Reviewed the External Auditors' Report for financial year ended 31 August 2006 in relation to audit and accounting issues arising from the audit and updates of new developments on Financial Reporting Standards issued by the Malaysian Accounting Standard Board;
- e) Reviewed the 2006 Annual Report prior to the submission to the Board for consideration and approval;
- f) Evaluated the overall effectiveness of the system of internal controls through a review of the results of work performed by internal and External Auditors and discussions with key senior management;
- g) Reviewed with the External Auditors, their terms of engagement, proposed audit remuneration and audit plan for the financial year ended 31 August 2007 to ensure that their scope of work adequately covers the activities of the Group;
- h) Reviewed the issues arising from the audit of the financial year end statements and issues highlighted in the External Auditors' Report to the committee;
- i) Reviewed the internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings;
- j) Reviewed the performance of the External Auditors before recommending to the Board on the re-appointment;
- k) Reviewed pertinent of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing business, cost rationalization measures and human resource development.

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 subsidiaries, NWP Industries Sdn. Bhd., DMKT Timber Sdn. Bhd. And Toupos Timber 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

Following the amendments to Malaysia Code on Corporate Governance, effective from 1st October 2007, the Audit Committee shall be appointed by the Board from amongst the Directors of the Company and comprises of not less than three (3) members, a majority of whom are independent. All members of the audit committee should be non-executive directors. No alternative Director shall be appointed as a member of the Audit Committee.

All members of the audit committee should be financially literate. 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 three (3) 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. Meeting

- a) Meetings shall be held regularly and not less than four (4) times a year or once every quarter.
- b) Written notice of the meeting together with the agendas shall be given to the members of the Committee and external auditor where applicable at least seven (7) days prior to the meeting.
- c) Quarterly results and annual financial statements shall be reviewed by the Audit Committee before presenting to the Board for approval.
- d) The Finance Director or Head of Finance, the Head of Internal Audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the Audit Committee.
- e) The Committee should meet with the external auditors without executive board members present at least twice a year.
- f) The quorum for each meeting shall be two. The majority of members present to form a quorum must be Independent Directors. Decision shall be by a simple majority.
- g) The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of meetings of the Committee to all member of the Board.

4. 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 person (s) carrying the internal audit function or activity;
- e) to obtain external legal or other independent professional advice as necessary.
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed 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.

5. 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 :-
 - a. going concern assumption;
 - b. compliance with accounting standards and regulatory requirements;
 - c. any changes in accounting policies and practices;
 - d. significant issues arising from the audit; and
 - e. major judgemental areas.
- f. to review the financial statements with Management and the External Auditors prior to them being approved by the full Board;
- g) to review interim financial information and press releases of financial content;
- h) to review any significant transactions which are not a normal part of the Company's business;
- i) to review any significant related party transactions that may arise within the Group;
- j) to recommend to the Board of Directors the appointment, resignation and termination of the External Auditors and the audit fee thereof;

- k) To do the following, in relation to the internal audit function: -
- a) Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - b) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - c) Review any appraisal or assessment of the performance of members of the internal audit function;
 - d) Approve any appointment or termination of senior staff members of the internal audit function; and
 - e) Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit their reasons for resigning.
- l) To consider the major findings of internal investigations and management's response; and
- m) Such other responsibilities as may be agreed to between the Audit Committee and the Board of Directors.

INTERNAL AUDIT FUNCTION

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group. The internal audit function of the Group is headed by a qualified accountant and experienced auditor who reports directly to the Audit Committee.

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.

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 2007.

THE BOARD OF DIRECTORS

Board Composition / Board Balance

The Board is made up of an appropriate balance of Executives and Non-Executive Directors with diverse experience required for the effective stewardship of the Group and independence in decision-making at Board level.

The Board comprises six (6) members, namely the Managing Director, two (2) Executive Directors, one (1) Non-Independent and Non-Executive Director and two (2) Independent Non-Executive Directors. The current Board composition complies with the "Malaysian Code On Corporate Governance" as amended on 1st October 2007, which requires at least three Non-Executive Directors to sit on the Audit Committee and a majority of whom are Independent.

The Managing Director is responsible to the Board for the management and performance of the Group's businesses within the framework of the Group's policies, reserved powers and routine reporting requirements.

There is a clear division of responsibilities on the differing roles of the Chairman and the Executive Directors to ensure a balance of authority and power. The Chairman is responsible for ensuring the Board meets regularly and ensure its effectiveness and standards of conduct. He has authority over the general agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of prior meetings of the Board, review of the Group's quarterly financial reports, proposal papers from the management, matters requiring the Board's deliberation and approval, and other reports. The Executive Directors take on primary responsibility for managing the Group's business and resources. They have overall responsibility for the operational activities of the Group and implementation of the Board's strategies, policies and decisions.

The Board recognizes the importance and contribution of the Independent Non-Executive Directors who provide independent assessment and judgment on corporate proposals undertaken by the Group. They fulfill a pivotal role in bringing corporate accountability and independent, unbiased judgment and advice to bear on the Board's deliberation and decision-making. The role of the Independent Non-Executive Directors is particularly in ensuring that the strategies proposed by the Executive Directors and management team are discussed and examined fully and take into account long-term interest of all parties affected by the Group's business activities.

A brief profile of each Director is presented on pages 8 to 10 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 2007, five (5) Board meetings were held. All of the Directors attended all Board meetings held during their tenure.

Attendance of Board 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
Datuk Richard Bainon*	Chairman (Non-Independent and Non-Executive)	11-01-2008	N / A	N / A
Mr. Chang Ah Ngau	Managing Director	19-07-2000	5 / 5	100
Encik Majid Bin Mat Lazim	Executive 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
Mr. Wong Wee Kean***	Independent Non-Executive Director	23-08-2007	N / A	N / A

* Datuk Richard Bainon appointed on 11.01.08

** En. Mohd Zahiri Bin Dato' Haji Maulud resigned on 27.08.07

*** Mr. Wong Wee Kean appointed on 23.08.07

Appointment and election to the Board

The Group has implemented procedures for the nomination and election of Directors via the Nomination Committee. The Nomination Committee is responsible for identifying and recommending to the Board suitable candidates for appointment to the Board and Board Committees.

The Nomination Committee is also entrusted by the Board to conduct annual review of the required mix of skills and experience of Directors, and also performance appraisal of the Directors on an ongoing basis.

The Nomination Committee was established on 26th July 2001 comprising exclusively of Independent Non-Executive Director.