

Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three (3) years and a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director is furnished in this Annual Report.

The Articles further provides that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

Directors' Training

New directors appointed to the Board are provided with an orientation and education programme to ensure their effectiveness.

Mr. Wong Wee Kean has attended Bursa Securities' Mandatory Accreditation Programme ("MAP") on 20th & 21st November 2007.

The Board has also empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place.

The Board is also regularly updated by the Company Secretary on the latest updates on Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

During the financial year, all the members of the Board have attended a public seminar entitled "On Going Business Improvement" conducted by Rating Agency Malaysia Berhad on 21 December 2006. The objective of the seminar was to introduce the awareness and scope of on going business improvement of a business in a competitive environment.

In addition, members of the Board are informed of various development programmes and are encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory updates in furtherance of their duties.

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 and clarification, where necessary, in order to be briefed properly before the meeting. Comprehensive Board papers are presented which provide 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 experience and dynamic Board of Directors ("the Board") that have a diverse range of business, financial and technical skills and experience. The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.

The Board takes full responsibility for the performance of the Group. The Board maintains a sound system of internal control to safeguard the shareholders' investments and the Groups' assets. The Board is responsible for the following :-

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

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 :-

Committees	No. of meeting held	Chaired by
(i) Audit Committee	5 meetings	Lee Khim Sin <i>Independent Non-Executive Director</i>
(ii) Nomination Committee	1 meeting	Lee Khim Sin <i>Independent Non-Executive Director</i>
(iii) Remuneration Committee	0 meeting	Lee Khim Sin <i>Independent Non-Executive Director</i>
(iv) Investment Committee	0 meeting	Majid Bin Mat Lazim <i>Executive Chairman</i>

(i) Audit Committee

Presently the Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director.

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 amended on 1st October 2007.

Datuk Richard Bainon was appointed to the Audit Committee on 11th January 2008.

(ii) Nomination Committee

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

Members	Designation
Lee Khim Sin	Chairman (<i>Independent Non-Executive Director</i>)
Wong Wee Kean	Member (<i>Independent Non-Executive Director</i>)

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

- to recommend to the Board, suitable candidates for new appointment as Director(s) to the Board (if and when necessary).
- to review regularly the Board's structure, size of composition and make recommendation to the Board, the required mix of skills and experience including core competencies which the Board requires, in order to function effectively and efficiently.
- to assess the existing Directors on an 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. In line with the code of best practice, the Remuneration Committee comprises of two (2) Independent Non-Executive Directors as follows:-

Members	Designation
Lee Khim Sin	Chairman (<i>Independent Non-Executive Director</i>)
Wong Wee Kean	Member (<i>Independent Non-Executive Director</i>)

Mr. Wong See Ming has resigned from being a member of the Remuneration Committee on 13th December 2007 in compliance with the Malaysian Code on Corporate Governance as was amended on 1st October 2007.

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

- a) to review regularly the Board's structure, size and 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.
- b) to assess the existing Directors on an on-going basis, the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.

(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 (<i>Executive Director</i>)
Chang Ah Ngau	Member (<i>Managing Director</i>)
Wong See Ming	Member (<i>Executive Director</i>)

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 consist of 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.
- b) to explore all the investment opportunities not limited in the scope of industries that are 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	[0]	[218]	[218]
Non-Executive Directors	[42]	[0]	[42]
Total	[42]	[218]	[260]

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
Less than RM50,000	[-]	[2]
RM50,000 to RM100,000	[3]	[-]

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognizes the importance 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 Shareholders may raise questions regarding the proposed resolutions at the meetings as well as on matters relating to the Group's businesses and affairs.

The Extraordinary General Meeting ("the EGM") is held as and when Shareholders' approvals are required on specific matters and Shareholders are notified of such meetings in accordance with the Bursa Malaysia Listing Requirements.

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

In addition, shareholders and investors alike can address their concerns directly to Mr. Lee Khim Sin who is the Senior Independent Non-Executive Director of the Group.

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 statement is set out on page 34 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 27 to 28 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.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31st August 2007, 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 pages 30 to 58 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 fully complies with the Malaysian Code on Corporate Governance, as was amended on 1st October 2007.

ADDITIONAL COMPLIANCE INFORMATION

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

- a) 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 subsidiaries, 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 subsidiaries that involve directors' or major shareholders interests;
 - xii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders interests;

b) Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 August 2007.

INTRODUCTION

The Malaysian Code on Corporate Governance required listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Company and Group's ("the Group") assets. Pursuant to paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") require directors of public listed companies to include a statement in their annual reports on the state of internal controls in the Company as a Group. Bursa Securities' Statement On Internal Control: Guidance For Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

The Board is pleased to provide the following statements on the nature and scope of internal control of the Group during the year, which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board recognises the importance of the sound internal control and risk management practices to good corporate governance. The Board acknowledges that the overall responsibility for maintaining a reliable system of internal control lies with them and is achieved through the process of reviewing the adequacy and integrity of the Group's internal control systems, information systems and monitoring for compliance with the applicable rules and regulations, directives, guidelines, internal policies and procedures. The Board is also aware that reviewing of the Group'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 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 Company'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 pages 50 to 51 of the Annual Report.

KEY ELEMENTS OF INTERNAL CONTROL

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

Management accounts and reports are prepared 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 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.

The Board of Directors of NWP Holdings Berhad is committed to undertaking Corporate Social Responsibility (“CSR”) initiatives that ensure the Group’s sustainable development while impacting upon society and the environment in a positive manner.

ENVIRONMENT

The Group has the highest regard for the environment. Good environmental practices in our operations ensure the viability and sustainability of our operations for the long-term. In this aspect the Group’s CSR initiatives employed the following strategies:-

- 1) Practice only Reduce Impact Logging (RIL) Method in our timber harvesting operation.
- 2) Undertaken sustainable forest management in accordance with Forestry Department Guidelines, including silviculture and replanting of valuable species to ensure sustainability for the future.
- 3) Do not purchase or utilize logs and timber that are illegally logged in our production.
- 4) Utilization of most of our waste products, such as sawdust and off-cuts to fuel our boilers to generate steam energy for our kiln-drying chambers. This ensures little wastage in our valuable resources and at the same time reducing environmental pollution and production cost.

WORKPLACE

The Group do not have the practice of employing illegal foreign workers or workers below the statutory working age.

In addition, the Group provides accommodation to immediate family members of its employees so that they can stay together.

All new workers are given induction training and retraining is provided every six months. Staffs are also given opportunity to attend training courses and seminars to enable them to acquire new skills.

As to its commitment to health and safety, it ensures that the appropriate resources and manpower are in place to reduce and avoid any incident or accident in its workplace. Safety gears, training and frequent drills are carried out to instill safety consciousness in the staff and workers.



Financial Statement

Directors Report	31
Statement by Directors & Statutory Declaration	34
Report of the Auditors	35
Consolidated Balance Sheet	36
Consolidated Statement of Changes in Equity	37
Consolidated Income Statement	38
Consolidated Cash Flow Statement	39
Balance Sheet	40
Statement Changes in Equity	41
Income Statement	42
Cash Flow Statement	43
Notes of Financial Statement	44

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT for the financial year ended 31st August, 2007

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, 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	<u>GROUP</u> RM	<u>COMPANY</u> RM
Net loss for the financial year	<u>(10,571,850)</u>	<u>(3,330,318)</u>

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 other than as disclosed in statements of changes in equity.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount 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 be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount that they might be expected so to realise.

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

No. Tempatan : 495476-M

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES

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 :-

CHANG AH NGAU

LEE KHIM SIN

MAJID BIN MAT LAZIM

MOHD ZAHIRI BIN DATO' HAJI MAULUD (Resigned on 27.08.2007)

WONG SEE MING

WONG WEE KEAN (Appointed on 23.08.2007)

In accordance with the Articles of Association, Chang Ah Ngau and Wong Wee Kean retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

No. Tempatan : 495476-M

DIRECTORS' INTERESTS

The shareholdings of those who were Directors at the end of the financial year are as follows :-

Number of Ordinary Shares of 25 sen Each.....			Balance 31.08.2007
	Balance 01.09.2006	Bought	Sold	
WONG SEE MING	19,407,000	-	-	19,407,000

DIRECTORS' BENEFITS

Since the end of the 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 21 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 and ultimate 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 : 13th December 2007

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

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, 2007 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 : 13th December 2007

STATUTORY DECLARATION

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

I, **WONG SEE MING**, being the Director primarily responsible for the financial management of **NWP HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **WONG SEE MING**
at Petaling Jaya this day of 13th December 2007

WONG SEE MING

Before me,

Commissioner for Oaths
E. RABAKRISHNAN
NO. B. 008

No. Tempatan : 495476-M

**REPORT OF THE AUDITORS TO THE MEMBERS OF
NWP HOLDINGS BERHAD**

(Incorporated in Malaysia)

FINANCIAL STATEMENTS - 31st August, 2007

We have audited the accompanying financial statements set out on pages 7 to 29. 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, 2007 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 companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies 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

Petaling Jaya,

Date : 13th December 2007

YEAP CHENG CHUAN

No. 566/4/08 (J/PH)

Chartered Accountant

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET

As at 31st August, 2007

	Note	2007 RM	2006 RM
ASSETS			
Non Current Assets			
Property, plant and equipment	5	42,377,495	40,738,535
Deferred expenditure	6	900,744	1,501,239
		<u>43,278,239</u>	<u>42,239,774</u>
Current Assets			
Inventories	7	29,480,824	25,451,990
Receivables	8	14,916,845	31,863,915
Fixed deposits	10	8,231,506	4,072,278
Tax credit		32,255	32,255
Cash and bank balances		481,952	474,084
		<u>53,143,382</u>	<u>61,894,522</u>
Total Assets		<u>96,421,621</u>	<u>104,134,296</u>
EQUITY AND LIABILITIES			
Equity Attributable To Equity Holder Of The Company			
Share capital	11	80,000,000	80,000,000
Share premium		4,018,960	4,018,960
Revaluation reserve	12	8,155,465	2,549,824
(Accumulated Losses) / Unappropriated profits	13	(3,906,492)	6,665,358
		<u>88,267,933</u>	<u>93,234,142</u>
Minority Interest		-	-
Total Equity		<u>88,267,933</u>	<u>93,234,142</u>
Non Current Liabilities			
Hire purchase creditor	15	1,554,098	1,989,053
Current Liabilities			
Payables	16	1,306,125	2,483,830
Bank borrowings	17	4,663,604	5,908,164
Hire purchase creditors	15	629,861	519,107
		<u>6,599,590</u>	<u>8,911,101</u>
Total Liabilities		<u>8,153,688</u>	<u>10,900,154</u>
Total Equity and Liabilities		<u>96,421,621</u>	<u>104,134,296</u>

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

Annual Report 2007

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31st August, 2007

	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Unappropriated Profits RM	Total RM
Balance at 1st September, 2005	80,000,000	4,018,960	2,549,824	13,442,162	100,010,946
Net profit for the financial year	-	-	-	(6,776,804)	(6,776,804)
Balance at 31st August, 2006	80,000,000	4,018,960	2,549,824	6,665,358	93,234,142
Revaluation of property, plant and equipment	-	-	5,605,641	-	5,605,641
Net loss for the financial year	-	-	-	(10,571,850)	(10,571,850)
Balance at 31st August, 2007	80,000,000	4,018,960	8,155,465	(3,906,492)	88,267,933

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

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31st August, 2007

	Note	<u>2007</u> RM	<u>2006</u> RM
Revenue	18	24,013,832	31,531,444
Cost of sales		(31,715,903)	(35,793,567)
Gross loss		(7,702,071)	(4,262,123)
Other operating income		272,379	161,134
Administrative expenses		(2,148,947)	(1,455,559)
Other operating expenses		(490,334)	(769,795)
Loss from operations		(10,068,973)	(6,326,343)
Finance costs	19	(502,877)	(450,461)
Loss before taxation	21	(10,571,850)	(6,776,804)
Taxation	22	-	-
Net loss for the financial year		(10,571,850)	(6,776,804)
Attributable to :			
Equity holder of the Company		(10,571,850)	(6,776,804)
Minority interest		-	-
Net loss for the financial year		(10,571,850)	(6,776,804)

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

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31st August, 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(10,571,850)	(6,776,804)
Adjustments for :-			
Amortisation of property deferred expenditure		600,496	647,123
Depreciation of property, plant and equipment		5,065,143	4,580,650
Provision for doubtful debts		320,174	-
Interest expense		502,877	450,461
Interest income		(211,345)	(154,510)
Operating loss before working capital changes		(4,294,505)	(1,253,080)
Changes in inventories		(4,028,834)	1,484,230
Changes in receivables		16,626,896	(2,126,064)
Changes in payables		(1,177,705)	1,247,878
Cash provided/(used) by operations		7,125,853	(647,036)
Interest paid		(373,205)	(384,545)
Net cash provided/(used) by operating activities		6,752,647	(1,031,581)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		70,000	-
Purchase of plant and equipment		(1,168,463)	(2,641,603)
Interest received		211,345	154,510
Net cash used by investing activities		(887,118)	(2,487,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from hire purchase creditor		362,400	1,838,292
Interest paid		(129,672)	(65,916)
Repayment to hire purchase creditors		(686,602)	(325,781)
Repayments to banker acceptance		(1,377,000)	(2,896,000)
Net cash (used)/provided by financing activities		(1,830,873)	1,449,405
Net increase/(decrease) in cash and cash equivalents		4,034,656	(4,968,079)
Cash and cash equivalents brought forward		123,198	5,091,277
Cash and cash equivalents carried forward		4,157,854	123,198
Represented by:-			
Cash and bank balances		481,952	474,084
Fixed deposits		8,231,506	4,072,278
Bank overdrafts		(4,555,604)	(4,423,164)
		4,157,854	123,198

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