

No. Tempatan : 495476-M

NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

BALANCE SHEET**As at 31st August, 2007**

	Note	2007 RM	2006 RM
ASSETS			
Non current assets			
Investment in subsidiary companies	4	50,377,207	53,640,718
Current Assets			
Receivables	8	6,834	4,500
Amounts due by subsidiary companies	9	37,894,883	37,966,846
Cash and bank balances		4,109	301
		<u>37,905,826</u>	<u>37,971,647</u>
Total Assets		<u>88,283,033</u>	<u>91,612,365</u>
EQUITY AND LIABILITY			
Equity Attributable To Equity Holder Of The Company			
Share capital	11	80,000,000	80,000,000
Share premium		11,618,960	11,618,960
Accumulated Losses	13	(3,342,427)	(12,109)
		<u>88,276,533</u>	<u>91,606,851</u>
Minority Interest		-	-
Total Equity		<u>88,276,533</u>	<u>91,606,851</u>
Current Liability			
Payables	16	6,500	5,514
Total Liability		<u>6,500</u>	<u>5,514</u>
Total Equity and Liability		<u>88,283,033</u>	<u>91,612,365</u>

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

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NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31st August, 2007

	<u>Share Capital</u> RM	<u>Share Premium</u> RM	Unappropriated Profits/ (Accumulated <u>Losses</u>) RM	<u>Total</u> RM
Balance at 1st September, 2005	80,000,000	11,618,960	59,722	91,678,682
Net loss for the financial year	-	-	(71,831)	(71,831)
Balance at 31st August, 2006	80,000,000	11,618,960	(12,109)	91,606,851
Net loss for the financial year	-	-	(3,330,318)	(3,330,318)
Balance at 31st August, 2007	80,000,000	11,618,960	(3,342,427)	88,276,533

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

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

	Note	<u>2007</u> RM	<u>2006</u> RM
Revenue		-	-
Administrative expenses		(50,782)	(44,247)
Other operating expenses	20	(3,279,536)	(27,584)
Loss before taxation	21	(3,330,318)	(71,831)
Taxation	22	-	-
Net loss for the financial year		<u>(3,330,318)</u>	<u>(71,831)</u>
Attributables to :			
Equity holders of the Company		(3,330,318)	(71,831)
Minority interest		-	-
Net loss for the financial year		<u>(3,330,318)</u>	<u>(71,831)</u>

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

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(Incorporated in Malaysia)

CASH FLOW STATEMENT**For the financial year ended 31st August, 2007**

	<u>2007</u> RM	<u>2006</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,330,318)	(71,831)
Adjustments for :-		
Allowances for diminution in the value of subsidiaries	3,263,511	-
Operating loss before working capital changes	(66,807)	(71,831)
Changes in receivables	(2,334)	-
Changes in payables	986	1,514
Net cash used by operating activities	(68,155)	(70,317)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in subsidiary companies	-	(4)
Repayments by subsidiary companies	71,963	70,108
Net cash generated by investing activities	71,963	70,104
Net increase/(decrease) in cash and cash equivalents	3,808	(213)
Cash and cash equivalents brought forward	301	514
Cash and cash equivalents carried forward	4,109	301
Represented by :-		
Cash and bank balances	4,109	301

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

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NWP HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31st August, 2007

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 Company is located at 56 Km, Jalan Kimanis, Beaufort Highway, P.O. Box 362, 89608 Papar, Sabah and B - 2 - 08, Jalan SS6/20, Dataran Glomac, Pusat Bandar Kelana Jaya, 47301 Petaling Jaya, Selangor.

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.

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

The company has also adopted the following new/revised Financial Reporting Standards (FRSs) issued by MASB that are effective for the financial year beginning 1st September, 2006.

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidation and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 138	Intangible Assets

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(a) **Basis of Accounting** (continued)

Adoption of these FRSs have not resulted in any significant changes to the financial statements except for :

The presentation of the comparative figures in the financial statements of the Company has been restated to conform to the current year's presentation.

(b) **Subsidiary Companies**

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 companies are 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 companies made up to the end of the financial year. All intercompany 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 companies are consolidated based on the merger method of accounting. Under the merger method of accounting, the results of the subsidiary companies are accounted for on a full year basis irrespective of the date of merger. The adoptions of the acquisition method did not result in any material impact to the financial statements.

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 companies acquired is taken to capital reserves.

The financial statements of the subsidiary companies are prepared for the same reporting period as the Company.

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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 comprises their purchase prices 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 land is amortised on a straight line basis over its remaining lease periods of the respective leases which range from 63 years to 95 years. Capital work-in-progress is not depreciated 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 assets to their residual values 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 :-

	%
Leasehold land, buildings and quarters	2
Motor vehicles, plant and machinery, tools and equipment and factory equipment	10 - 20
Office renovation, furniture and fittings, electrical installation and office equipment	10
Road	10

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Inventories**

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

Cost is determined on a first-in-first-out basis. The cost of trading goods comprises the original purchase prices plus costs incurred in bringing the goods to their present locations and conditions. The cost of raw materials comprises the original purchase prices plus costs incurred in bringing the inventories to their present locations and conditions. The cost of work-in-progress and finished goods comprise the cost of raw materials, direct charges and a proportion of production overheads.

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

(f) **Receivables**

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

(g) **Payables and Provisions**

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

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

(h) **Borrowings**

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

(i) **Leases**

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

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

(j) **Foreign Currencies**

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Foreign Currencies (continued)**

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.

All translated differences arising are taken to the income statement.

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

Foreign Currency	2007 RM	2006 RM
1 Euro	4.8140	4.7580
1 Singapore Dollar	2.3165	2.3565
1 US Dollar	3.5250	3.7110
100 Yen	3.0520	3.1760

(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 assets belong.

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

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

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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.

(m) **Income Tax**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profits for the financial 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 profits 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 profits nor taxable profits.

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 deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profits 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.

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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(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 the 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.

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 currencies.

(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.

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3. **FINANCIAL RISK MANAGEMENT POLICIES (continued)**(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. **INVESTMENTS IN SUBSIDIARY COMPANIES**

	<u>COMPANY</u>	
	<u>2007</u> RM	<u>2006</u> RM
<u>At Cost</u>		
Unquoted shares	50,377,207	53,640,718

The subsidiary companies, all incorporated in Malaysia, as at 31st August, 2007 are as follows:-

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
		<u>2007</u>	<u>2006</u>
NWP Industries Sdn Bhd	Manufacturing and selling of timber products and provision of kiln drying services	100%	100%
DMKT Timber Sdn Bhd	Logging contractor and provision of forest management services	100%	100%
NWP O&M Sdn Bhd (Formerly known as Toupos Timber Sdn Bhd.)	Provision of sawmilling services	100%	100%

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5. PROPERTY, PLANT AND EQUIPMENT

<u>GROUP</u>	Leasehold	Motor	Office	Road	Total
	land, buildings and quarters	vehicles, plant and machinery, tools and equipment and factory equipment	renovation, furniture and fittings, electrical installation and office equipments	and work-in- progress	
	RM	RM	RM	RM	RM
<u>Cost/valuation</u>					
At 01.09.2006	20,795,541	44,808,930	2,201,519	1,110,886	68,916,876
Additions	-	5,310,361	179,863	-	5,490,224
Disposals	-	(4,904,138)	-	-	(4,904,138)
Revaluation surplus	2,208,564	3,279,694	-	-	5,488,258
At 31.08.2007	23,004,105	48,494,847	2,381,382	1,110,886	74,991,220
<u>Accumulated Depreciation</u>					
At 01.09.2006	1,518,858	25,323,628	1,202,522	133,333	28,178,341
Charge for the financial year	382,542	4,397,821	184,780	100,000	5,065,143
Disposals	-	(629,759)	-	-	(629,759)
At 31.08.2007	1,901,400	29,091,690	1,387,302	233,333	32,613,725
<u>Net Book Value</u>					
At 31.08.2007	21,102,705	19,403,157	994,080	877,553	42,377,495
At 31.08.2006	19,276,683	19,485,302	998,997	977,553	40,738,535
<u>Depreciation charged for the financial year ended 31.08.2006</u>					
	382,542	3,917,405	180,703	100,000	4,580,650

- (a) An independent valuation was carried out on 31st August 2007 by VPC Alliance (Sarawak) Sdn. Bhd., a professional firm of Valuers, on leasehold land, building and quarters, plant and machinery and factory equipments.
- (b) Leasehold land stated at net book value of RM1,708,481 (2006 : RM1,766,491) was charged to a bank to secure banking facilities as referred to in Note 12 to the financial statements.
- (c) Work-in-progress represented extension work on the Company's factory building.

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6. DEFERRED EXPENDITURE

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
At 01.09.2006 / At 01.09.2005	1,501,239	2,148,362
Amortisation for the financial year	(600,495)	(647,123)
At 31.08.2007 / At 31.08.2006	<u>900,744</u>	<u>1,501,239</u>

Deferred expenditure represented exclusive sawmilling rights to purchase and process logs and produce sawn timbers.

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

7. INVENTORIES

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
<u>At Cost or At Net Realisable Value</u>		
Raw materials	17,822,668	16,113,501
Work-in-progress	9,075,303	3,479,057
Finished goods	2,484,168	5,859,432
Consumable stock	98,685	-
	<u>29,480,824</u>	<u>25,451,990</u>

8. RECEIVABLES

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Trade receivables	8,626,253	22,438,299
Less : Allowance for doubtful debts	(320,174)	(58,710)
	<u>8,306,079</u>	<u>22,379,589</u>
Other receivables, deposits and prepayments	6,610,766	9,484,326
	<u>14,916,845</u>	<u>31,863,915</u>

	COMPANY	
	<u>2007</u> RM	<u>2006</u> RM
Deposits and prepayments	<u>6,834</u>	<u>4,500</u>

Credit terms of trade receivables ranged from 60 days to 120 days.

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9. **AMOUNT DUE BY SUBSIDIARY COMPANIES**

The amount due by subsidiary companies were unsecured, interest free and had no fixed terms of repayment.

10. **FIXED DEPOSITS**

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
With licensed banks	8,231,506	4,072,278

The interest rate of fixed deposit ranged from 2.40% to 3.20% (2006 : 2.70% to 3.10%) per annum with an average maturity period of 30 days (2006: 30 days).

11. **SHARE CAPITAL**

	GROUP/COMPANY	
	<u>2007</u> RM	<u>2006</u> RM
Authorised		
400,000,000 ordinary shares of 25 sen each	100,000,000	100,000,000
Issued and Fully Paid Up		
320,000,000 ordinary shares of 25 sen each	80,000,000	80,000,000

12. **REVALUATION RESERVE**

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
At 01.09.2006 / At 01.09.2005	2,549,824	2,549,824
Revaluation of property, plant and equipment	5,605,641	-
At 31.08.2007 / At 31.08.2006	8,155,465	2,549,824

Revaluation reserve arose from the revaluation of leasehold land and buildings.

13. **(ACCUMULATED LOSSES)/UNAPPROPRIATED PROFITS**

As at 31st August, 2007, the Company has unabsorbed capital allowances and tax losses amounting to approximately 2007 : RM 9,894,900 (2006 : RM9,851,000) which can, subject to the Inland Revenue Board, be carried forward and utilised to set-off future taxable income.

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14. DEFERRED TAXATION

No deferred tax was provided for the following items:-

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Reinvestment allowances	18,495,046	18,494,000
Unabsorbed capital allowances	7,839,795	7,598,000
Unabsorbed business losses	7,683,347	2,253,000
	<u>34,018,188</u>	<u>28,345,000</u>

15. HIRE PURCHASE CREDITORS

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Total future installments payable	2,619,666	3,010,243
Unexpired interest	(435,707)	(502,083)
Total future principal payable	<u>2,183,959</u>	<u>2,508,160</u>
Future installments payable		
- not later than one year	755,772	623,172
- later than one year	1,863,894	2,387,071
	<u>2,619,666</u>	<u>3,010,243</u>
Future principal payable		
- not later than one year	629,861	519,107
(included under current liabilities)		
- later than one year	1,554,098	1,989,053
	<u>2,183,959</u>	<u>2,508,160</u>

16. PAYABLES

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Trade payables	238,154	1,462,601
Other payables and accrued liabilities	1,067,971	1,021,229
	<u>1,306,125</u>	<u>2,483,830</u>

	COMPANY	
	<u>2007</u> RM	<u>2006</u> RM
Other payables and accrued liabilities	<u>6,500</u>	<u>5,514</u>

Credit terms of trade payables ranged from 60 days to 120 days.

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17. BANK BORROWINGS

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Bank overdrafts	4,555,604	4,423,164
Bankers' acceptance	108,000	1,485,000
	<u>4,663,604</u>	<u>5,908,164</u>

The bank borrowings were secured by :-

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

The bank overdraft interest ranged from 1.50% to 2.00% (2006 : 1.50% to 2.00%) per annum above the base lending rates of the reference banks and were secured in the manner as above.

The bankers' acceptance commission ranged from 3.00% to 3.35% (2006 : 3.00% to 3.35%) per annum.

18. REVENUE

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Sale of goods	23,237,150	30,780,307
Services rendered	776,682	751,137
	<u>24,013,832</u>	<u>31,531,444</u>

19. FINANCE COSTS

	GROUP	
	<u>2007</u> RM	<u>2006</u> RM
Bank overdraft interest	241,847	304,513
Hire purchase interest	129,673	65,916
Bank interest	131,357	80,032
	<u>502,877</u>	<u>450,461</u>

20. OTHER OPERATING EXPENSES

Included in other operating expenses is allowance for diminution in value of subsidiaries of RM3,263,511 (2006: Nil). The amount was due to the adoption of FRS 136: Impairment of Assets.

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21. LOSS BEFORE TAXATION	<u>GROUP</u>	
	<u>2007</u> RM	<u>2006</u> RM
Loss before taxation is stated		
After charging :-		
Amortisation of deferred expenditure	600,496	647,123
Auditors' remuneration	25,000	15,000
Depreciation of property, plant and equipment	5,065,143	4,580,650
Directors' remuneration :-		
- Fees	42,000	42,000
- Salaries	165,742	138,824
- Allowances	32,026	52,152
- Other emoluments	20,049	18,416
Provision for doubtful debts	320,174	-
Rental	13,500	24,000
Amortisation of deferred expenditure	600,496	647,123
And crediting :-		
Fixed deposit interest received	211,345	154,510
Gain on foreign exchange – realised	1,034	6,624
Rental income	60,000	-
Loss before taxation is stated :-	<u>2007</u> RM	<u>2006</u> RM
After charging :-		
Auditors' remuneration	3,000	2,500
Allowance for diminution in value of subsidiaries	3,263,511	-

22. TAXATION

The explanation of the relationship between tax expense and loss before taxation is as follows:-

	<u>GROUP</u>	
	<u>2007</u> RM	<u>2006</u> RM
Loss before taxation	(10,571,850)	(6,776,804)
Statutory tax rate of 27% (2006 : 28%)	(2,854,400)	(1,897,506)
Effect of deductible temporary differences not recognised	2,913,182	1,653,904
Non deductible expenses	(58,782)	243,602
Tax expense	<u>-</u>	<u>-</u>

No. Tempatan : 495476-M

22. TAXATION (continued)

	<u>COMPANY</u>	
	<u>2007</u> RM	<u>2006</u> RM
Loss before taxation	(3,330,318)	(71,831)
Statutory tax rate of 27% (2006 : 28%)	(899,186)	(20,113)
Effect of deductible temporary differences not recognised	14,528	-
Non deductible expenses	884,658	20,113
Tax expense	-	-

23. SEGMENT REPORTING

No segmental information is presented as the Group is principally engaged in manufacturing and selling of timber products.

24. EMPLOYEES INFORMATION

	<u>GROUP/COMPANY</u>	
	<u>2007</u> RM	<u>2006</u> RM
Staff Costs		
Salaries, wages and allowances	1,517,110	2,582,317
Defined contribution plan	159,727	189,312
Other employee benefits	79,197	114,231
	<u>1,756,034</u>	<u>2,885,860</u>

The number of employees in the Group and in the Company (excluding Directors) as at 31st August, 2007 were 225 (2006 : 262) and Nil (2006 : Nil) respectively.

25. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Company's financial statements were authorised for issue on 13th December 2007 by the Board of Directors.

LIST OF PROPERTIES AS AT 31ST AUGUST 2007

Location	Description/ Existing Use	Tenure/ Expiry Date	Date of Acquisition / (Revaluation)	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, kilm drying bays, boiler buiding, stacking sheds, labourline, canteen and a timber workshop.	99 years lease expiring on 31 December 2064	31/8/1990 (31/8/2007)	435,600	9,747	14
Country Lease 025348298, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of machinery sheds, generator set room, kilm drying bays, staff quarters and with gross floor area of 99,880 square feet. The Buiding is adjoining the property mentioned above.	99 years lease expiring on 31 December 2096	28/8/1997 (31/8/2007)	288,803	6,359	11
Country Lease 025359951, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Open shed for timber stock and moulding yard	99 years lease expiring on 31 December 2098	1/4/2004 (31/8/2007)	268,406	4,997	5

ANALYSIS OF SHAREHOLDINGS AS AT 31ST DECEMBER 2007**SHARE CAPITAL**

Authorised Share Capital	: RM100,000,000
Issued and Fully Paid Up Capital	: RM 80,000,000
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 of Shareholders	No. of Shares	Percentage of total Shares
Less than 99	24	2.08	712	0.00
100 – 1,000	64	5.55	33,084	0.01
1,001 – 10,000	826	71.58	3,953,052	1.24
10,001 – 100,000	202	17.50	4,411,484	1.38
100,001 – 15,999,999	36	3.12	124,045,672	38.76
Above 16,000,000 * (*5% & above of issued shares)	2	0.17	187,555,996	58.61
Total	1,154	100.00%	320,000,000	100.00%

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31ST DECEMBER 2007

Name of Substantial Shareholders	No of shares		Percentage	
	Direct	Indirect	Direct	Indirect
Majid Bin Mat Lazim		160,355,996 **		50.11
Chang Ah Ngau		27,200,000 *		8.50
Wong See Ming	19,407,000	160,355,996 *	6.06	50.11
Sepang Heights Sdn Bhd	160,355,996		50.11	
Cashflow Budget Sdn Bhd	27,200,000			

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 2007

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	19,407,000	160,355,996 *
Richard Bainon @ Rayner	237,800	-
Mohd. Zahiri Bin Dato' Haji Maulud	-	-
Lee Khim Sin	-	-

Note :-

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

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

LIST OF 30 LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2007

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	Poh Choo Chin	15,739,468	4.92
4	Chan Wai Peng	14,633,632	4.57
5	Cheok Wi Kim	14,203,596	4.44
6	Tegas Erti Sdn Bhd	13,580,000	4.24
7	Wong See Ming	13,407,000	4.19
8	Vector Thunder Sdn Bhd	9,476,000	2.96
9	Wong Oi Sang	6,405,332	2.00
10	RHB Capital Nominees (Tempatan) Sdn Bhd	6,195,200	1.94
11	Hoh Kim Ling	5,347,068	1.67
12	Pang Kwee Yin	5,333,336	1.67
13	Heliodoro Canalija Dayanan	4,944,000	1.55
14	Wong Yoon Moi	4,542,668	1.42
15	Lim Keng Loong	2,878,432	0.90
16	Ding Ming Tiong	1,440,936	0.45
17	CIMSEC Nominees (Asing) Sdn Bhd	900,000	0.28
18	Wong Siew Fong	834,600	0.26
19	Lum Chee Keong	629,100	0.20
20	CIMSEC Nominees (Tempatan) Sdn Bhd	560,674	0.18
21	Wong Say Hong	538,668	0.17
22	Choo Kam Lee	328,200	0.10
23	Che Umar Bin Yatim	300,000	0.09
24	Richard Bainon@ Rayner	237,800	0.07
25	Wong Hang Hup @ Wan Peng Kwong	226,400	0.07
26	Khor Chin Guan	213,500	0.07
27	Lee Pak Ling	203,700	0.06
28	HLB Nominees (Asing) Sdn Bhd	200,000	0.06
29	Teh Beng Geok	197,868	0.06
30	Tok Boon Seong	190,200	0.06

FORM OF PROXY

Eighth Annual General Meeting

*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 Eighth Annual General Meeting of the Company to be held at *Tiara Intan, Hotel Singahsana, Persiaran Barat, Off Jalan Sultan, 46760 Petaling Jaya, Selangor Darul Ehsan Thursday 28 day of February 2008 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 st August 2007 and the Reports of the Directors and Auditors thereon.		
2.	To re-elect Mr. Chang Ah Ngau as a Director. (Article 77)		
3.	To re-elect Mr. Wong Wee Kean as a Director. (Article 84)		
4.	To re-elect Datuk Richard Bainon @ Rayner as a Director (Article 84)		
5.	To re-appoint Messrs. Yeap Cheng Chuan & Co as the Company's Auditors and to authorize the Directors to fix their remuneration.		
6.	As Ordinary Resolution:- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	As special Resolution:- Proposed Amendment to the Articles of Association of the Company.		

Signed this _____ day of _____ 2008

No. of shares held



Signature(s) of Shareholder(s)

* Delete where applicable

Notes:

- 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.
- 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.
- A member who is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one (1) proxy in respect of each securities account.
- 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.
- 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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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.

Affix
Stamp
Here

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