



## Contents

- 2** Notice of Ninth Annual General Meeting
- 4** Statement Accompanying Notice of Ninth Annual General Meeting
- 5** Corporate Information
- 6** Chairman's Statement
- 8** Profile of Board of Directors
- 11** Audit Committee Report
- 16** Statement of Corporate Governance
- 24** Statement of Internal Control
- 26** Corporate Social Responsibility Report
- 31** Financial Statements
- 60** List of Properties
- 61** Analysis of Shareholdings
- 62** List Of 30 Largest Shareholders
- Proxy Form

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Melati Room, The Royale Bintang Damansara, 6, Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18th February 2009 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 2008 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. Wong See Ming (Article 77) **(RESOLUTION 2)**
  - b) Mr. Lee Khim Sin (Article 77) **(RESOLUTION 3)**
3. To re-appoint Messrs. Yeap Cheng Chuan & Co. as the Company's Auditors and to authorize the Directors to fix their remuneration. **(RESOLUTION 4)**

**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 5)**

"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 authorized 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 interest of the Company to give effect to the aforesaid mandate."

5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") **(RESOLUTION 6)**

"THAT, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("NWPH Group") to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.1 of the Circular to Shareholders of the Company dated 22nd January 2009 with the related parties mentioned therein which are necessary for NWPH Group's day-to-day operations subject further to the following: -

- (a) The transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (b) Disclosure is made in the annual report of a breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, amongst others, based on the following information: -
  - (i) The type of the recurrent transactions made; and

- (ii) The names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

AND THAT, such approval shall continue to be in force until: -

- (a) The conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting whereby the authority is renewed;
- (b) The expiration of the period within which the next Annual General Meeting of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) Revoked or varied by resolution passed by the shareholders of the Company in an Annual General Meeting or Extraordinary General Meeting,

whichever is the earlier.

AND THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate and transactions contemplated and/or authorized by this resolution."

- 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  
22nd January 2009  
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 not be entitled to appoint more than two (2) proxies to attend and vote at the meeting.*
- 3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.*
- 4. *A member who is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one(1) proxy but not more than two(2) proxies in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said Securities Account.*
- 5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized 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 authorized.*
- 6. *The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.*

**Explanatory Notes for the Special Business: -**

- 7. *The proposed Resolution No. 5, 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.*
- 8. *The Proposed Resolution No. 6, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.*

*Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular/Statement to Shareholders dated 22nd January 2009 which is dispatched together with the Company's 2008 Annual Report.*

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 9th AGM: -

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

- a) Mr. Wong See Ming
  - b) Mr. Lee Khim Sin
2. Details of the Directors standing for re-election are set out in the Profile of Directors of the Annual Report.
  3. The details of securities holdings of the Directors standing for re-election are as follows: -
    - a) Mr. Wong See Ming

Ordinary shares	: 19,407,000 (Direct)
	: 160,355,996,(Indirect)
    - b) Mr. Lee Khim Sin : None

**BOARD OF DIRECTORS**

Datuk Richard Bainon @ Rayner  
Chairman

Mr. Wong See Ming  
Chief Executive Officer

Chang Ah Ngau  
Executive Director

Encik Majid Bin Mat Lazim  
Executive Director

Mr. Lee Khim Sin  
Independent Non-Executive Director

Datuk John Maluda @ Wanji  
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

Datuk John Maluda @ Wanji  
Member  
Independent Non-Executive Director

Mr. Wong Wee Kean  
Member  
Independent Non-Executive Director

**NOMINATION COMMITTEE**

Mr. Lee Khim Sin  
Chairman  
Independent Non-Executive Director

Datuk John Maluda @ Wanji  
Member  
Independent Non-Executive Director

Mr. Wong Wee Kean  
Member  
Independent Non- Executive Director

**REMUNERATION COMMITTEE**

Mr. Lee Khim Sin  
Chairman  
Independent Non-Executive Director

Datuk John Maluda @ Wanji  
Member  
Independent Non-Executive Director

Mr. Wong Wee Kean  
Member  
Independent Non- Executive Director

**INVESTMENT COMMITTEE**

Mr. Wong See Ming  
Chairman  
Chief Executive Officer

Mr. Chang Ah Ngau  
Member  
Executive Director

Encik Majid Bin Mat Lazim  
Member  
Executive Director

**AUDITORS**

Yeap Cheng Chuan & CO. (AF: 0116)  
Suite 609, Block C, Phileo Damansara 1,  
No. 9, Jalan 16/11, Off Jalan Dasmansara,  
46350 Petaling Jaya, Selangor Darul Ehsan

**COMPANY SECRETARY**

Encik Mohd Zakie Bin Soad  
(LS 0008268)

**REGISTERED OFFICE**

Unit 1119, 11th Floor, Block A, Damansara Intan,  
No. 1, Jalan SS 20/27, 47400 Petaling Jaya,  
Selangor Darul Ehsan,  
Tel: +6(03)-7118 2892/3 Fax: +6(03)-7118 7799.

**PRINCIPAL PLACE OF BUSINESS**

**Operation Office**  
56Km, Jalan Kimanis, Beaufort Highway,  
Kimanis, P.O. Box 362, 89608 Papar, Sabah,  
East Malaysia  
Tel: +6(088)-911 288 Fax: +6(088)-913 910

**Administration and Marketing Office**  
J-55-2, 2nd Floor  
Block J, KK Time Square  
88100 Kota Kinabalu, Sabah  
East Malaysia  
Tel: +6(088)-486 311 Fax: +6(088)-486 511  
E-Mail: mgmtkk@nwp.com.my

**Head Office**  
B-2-08, Jalan SS 6/20, Dataran Glomac,  
Kelana Jaya, 47301 Petaling Jaya,  
Selangor Darul Ehsan,  
Tel: +6(03)-7880 1155 Fax: +6(03)-7880 1115  
E-Mail: marketing@nwp.com.my  
mgmt@nwp.com.my

**REGISTRAR**

Symphony Share Registrars Sdn. Bhd.  
Level 26, Menara Multi Purpose, Capital Square,  
No. 8, Jalan Munshi Abdullah,  
50100 Kuala Lumpur,  
Tel: +6(03)-2721 2222 Fax: +6(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,  
47301 Petaling Jaya, Selangor Darul Ehsan,

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 Darul Ehsan.

**STOCK EXCHANGE LISTING**

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

**DEAR VALUED SHAREHOLDERS,**

*ON BEHALF OF THE BOARD OF DIRECTORS OF NWP HOLDINGS BERHAD, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF NWP HOLDINGS BERHAD GROUP (NWP OR THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008.*

**ECONOMIC REVIEW**

The global economy in 2007 and 2008 continues to face substantial challenges as a result of persistently record high crude oil prices, surge in inflationary pressures and monetary tightening policies. The global financial distress, caused by the fallout of the US subprime crisis, has greatly affected the housing industry in the US and has directly impacted on the demand for our indoor and outdoor moulded products.

**GROUP FINANCIAL PERFORMANCE**

During the financial year under review, the Group registered a decline in revenue by 29.17% to RM17.0 million compared with RM24.0 million in 2007. This was mainly due to Management's decision to reject orders, which does not have a positive contribution, in order to cut down further losses to the Group. It is also to ensure that it would not be swamped with orders, for future deliveries, that would be priced too low at the point of production, with the endless spiraling inflation. This measure, even though has yet to turn around the Group, has effectively reduced its cash losses and thus preserved its cash resources for its future diversification and acquisition into more profitable business ventures.

As a result of the difficult operating conditions, the Group recorded a reduced loss after taxation of RM6.6 million, compared with a loss of RM10.6 million in 2007. The reduction represents 37.74% over the previous year.

The shareholders' funds of the Group at the end of year stood at RM81.58 million. Net Tangible Assets per share is equivalent to RM0.255 against its par value of RM0.25.

**PROSPECTS**

As a result of the meltdown in the US financial markets and the subsequent collapsed of the global stock market, the global economic outlook for the remainder of 2008 and for most of 2009 would remain challenging and uncertain at best, with its inevitable contagion spreading across the globe. The bleak global economic outlook and looming recession would impact negatively on the demand for our moulded products for the housing industry, especially from the US, which has been our major buyer.

Taking cognizance of the prevailing market condition and its poor performance, the Group is seeking new business opportunities to strengthen its position in the medium term such as to participate in the oil palm industry, and also providing management services in commercial timber cultivation.

Although discussion is still at its early stage, we believe that the opportunities would provide a quantum leap to the future growth of the Group. We are also confident that other measures will continue to give the Group added advantage in facing the challenging environment ahead. Barring unforeseen circumstances, we are certain that 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 4th February 2008 Datuk John Maluda 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 gratitude 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

16 January 2009

**DATUK RICHARD BAINON @ RAYNER**

Chairman; Non-Independent Non-Executive Director

Malaysian, aged 56, is the Chairman of the Company, appointed to the Board of Directors on 11th January 2008.

Datuk Richard Bainon is an entrepreneur involved in furniture-based manufacturing, logging operations, international trading of wood-based panel, and general construction. 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.

As Chairman of the Company, Datuk Richard is responsible for ensuring that the Board meets regularly, and ensures its effectiveness and high standards of conduct.

He is also a member of the Audit Committee. Since his appointment, Datuk Richard has attended two (2) Board Meetings, and two (2) Audit Committee Meetings held in the financial year ended 31st August 2008.

Datuk Richard 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 offences within the past ten years other than traffic offence.

**WONG SEE MING**

Chief Executive Officer

Malaysian, aged 42, was appointed to the Board of Directors on 29 January 2001 as the Executive Director of the Company. On 18th August 2008, Mr. Wong was redesignated as the Chief Executive Officer of the Group. He has also taken over the Chairmanship of the Investment Committee as on 28th October 2008.

Mr. Wong obtained his Bachelor of Arts Degrees in Professional Accounting, and also in Management Information System, both from the Eastern Washington University, United States of America. He started his working career at the young age of 24 in the wood-based industry. He was later involved in the plantation sector and palm oil refinery, besides having gathered experience in the high technology sector of fibre optic, and satellite tracking information services.

Being a strong advocate of caring for the future of the environment, Mr. Wong has vast knowledge in sustainable forest management and reduced-impact logging method that was garnered from his direct involvement and experience in logging activities and forest management.

Today, Mr. Wong oversees the entire business development, corporate affairs and personally executes the strategic business planning for the Group. In total, he has more than fifteen years experience in the timber industry, palm oil industry, and other investment sectors. His foresight and entrepreneur skill will be the main driving force for the Group's future.

He has attended all five (5) Board Meetings held in the financial year ended 31st August 2008.

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

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

**CHANG AH NGAU**

Executive Director

Malaysian, aged 58, was recruited by NWP Industries in 1993 as its Factory Manager. He was among the pioneers in the company. Seven years later, on 19 July 2000 he was appointed to the Board of NWP Holdings Berhad as its Managing Directors. However, on 18th August 2008, Mr. Chang relinquished his position as Managing Director and assumed the position of Executive Director. Mr. Chang was instrumental in the listing of the Company.

Prior to his joining NWP, Mr. Chang has extensive senior management experience, not only in the timber industry, but also in the oil palm industry and construction sectors.

He oversees the entire factory operations, as he is very conversant in timber moulding, timber grading, kiln drying, and all aspects of profile moulding operations.

Mr. Chang is also a member of the Investment Committee of the Company and has attended all five (5) Board Meetings held in the financial year ended 31st August 2008.

Mr. Chang is also a Director and shareholder of Cashflow Budget Sdn Bhd, a substantial shareholder of the Company.

He has no family relationship with any director 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.

**MAJID BIN MAT LAZIM**

Executive Director

Malaysian, aged 48, is an Executive Director of the Company, appointed to the Board of Directors on 19th July 2000.

He holds a Certificate in Wood Machining and Timber Moulding from Majlis Amanah Rakyat ("MARA").

Prior to his joining NWP in July 1994, En. Majid has more than twenty years experience in the timber moulded and related business activities. He also specializes in machinery maintenance and quality control and is very experienced in checking and grading of timber and timber products. His responsibilities include laying and implementing of marketing strategies as well as in charge of products development.

En. Majid is also a member of the Investment Committee of the Company and has attended all five (5) Board Meetings held in the financial year ended 31st August 2008.

He is also a Director and shareholder of Sepang Heights Sdn Bhd, a substantial shareholder of the Company.

He has no family relationship with any director 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.

**LEE KHIM SIN**

Independent Non-Executive Director

Malaysian, aged 68, an Independent Non-Executive Director of the Company, was appointed to the Board of Directors on 19 July 2000.

He is a Chartered Accountant by profession. He graduated with a Bachelor of Arts Degree from Nanyang University, Singapore in 1962 and then qualified as Chartered Accountant in England in 1969. He is a Fellow of the Institute of Chartered Accountants of England and Wales and of the Malaysian Association of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is the Managing Partner of Hii & Lee (AF 0458), a firm of Chartered Accountants. Having been in the profession for more than 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.

Mr. Lee is the Chairman of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. He has attended all five (5) Board Meetings and Audit Committee Meetings, and also two (2) Nomination Committee Meetings held in the financial year ended 31st August 2008.

He has no family relationship with any director 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.

#### **DATUK JOHN MALUDA @ WANJI**

Independent and Non-Executive Director

Malaysian, aged 58, is an Independent and Non-Executive Director of the Company, appointed to the Board of Directors on 4th February 2008.

Datuk John obtained his Bachelor of Economics (Hons) from University of Malaya. He later obtained his Master of Philosophy from University of Sussex, UK.

Datuk John Maluda started his career in Jabatan Ketua Menteri as an Executive Officer in 1975 and has only recently retired from State Government Service after having served the Government for almost 33 years. His last posting was in Jabatan Ketua Menteri, (May 2005 to Dec 2007), as the Deputy State Secretary (Development). Here, he oversees Sabah Economic Planning Unit and the Complaints Department, Sabah. He was also appointed as the Chief Information Officer for Sabah, and as the Chairman on Klias Conservation Project, and Mangkuwagu Forestry Development Project.

Prior to this, he was with the Ministry of Resource Development and Information Technology as its Permanent Secretary from May 2000 to April 2005. His principal function was to formulate and implement policies on manpower development and utilization in the state. He was a director and was in charge, at the Ministry level, of Sabah Energy Corporation (SEC); Sabah Land Development Board (SLDB); and Sabah Forestry Development Board (SAFODA).

Amongst Datuk John's other positions during his career are: -

- |                             |   |
|-----------------------------|---|
| November 1998 to April 2000 | - Secretary of Natural Resources, Sabah   |
| April 1997 to October 1998  | - Director of Department of Industrial Development & Research<br>CEO of Sabah Trade & Industry Consultancy Services |
| August 1994 to March 1997   | - Corporate Planner in Koperasi Pembangunan Desa  |

Datuk John is a member of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. Since his appointment, he has attended two (2) Board Meetings and Audit Committee Meetings held in the financial year ended 31st August 2008.

He has no family relationship with any director 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.

#### **WONG WEE KEAN**

Independent Non-Executive Director

Malaysian, aged 48, an Independent Non-Executive Director, was recently appointed to the Board of Director on 23 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, predominantly in quality assurance and quality control, in various industries such as in construction and engineering.

He is a member of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. He has attended all five (5) Board Meetings and Audit Committee Meetings, and also two (2) Nomination Committee Meetings held in the financial year ended 31st August 2008.

He has no family relationship with any director 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.

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 2008.

## COMPOSITION OF MEMBERS

### 1. MEMBERS

The Audit Committee presently comprises the following members: -

Name of Member	Position
Mr. Lee Khim Sin	Chairman (Independent Non-Executive Director) - Appointed on 24th July 2000
Datuk Richard Bainon	Member (Non Independent Non-Executive Director) - Appointed on 11th January 2008
Datuk John Maluda	Member (Independent Non-Executive Director) - Appointed on 4th February 2008
Mr. Wong Wee Kean	Member (Independent Non-Executive Director) - Appointed on 23rd August 2007

### 2. MEETINGS

During the financial year ended 31st August 2008, 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 are as follows: -

#### Dates of Meeting Held

24th October 2007  
13th December 2007  
28th January 2008  
24th April 2008  
25th July 2008

Name of Member	Meetings Attended	% of Attendance
Mr Lee Khim Sin	5 / 5	100%
Datuk Richard Bainon *	2 / 5	40%
Datuk John Maluda **	2 / 5	40%
Mr Wong Wee Kean	5 / 5	100%

\* Datuk Richard Bainon appointed on 11th January 2008

\*\* Datuk John Maluda appointed on 4th February 2008

### 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 internal audit reports, recommendations and Management's response. Discussed actions taken with Management to improve the internal controls system based on internal audit findings;
- c) Reviewed the Group's operations which had a significant impact on the results of the Group including enhancement and further investment in existing business, cost rationalization measures and human resource development;
- d) Reviewed with the External Auditors, their terms of engagement, proposed audit remuneration and audit plan for the financial year ended 31 August 2008 to ensure that their scope of work adequately covers the activities of the Group;
- e) Reviewed the issues arising from the audit of the financial year end statements and issues highlighted by the External Auditors to the committee;
- 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 the audited financial statements for the financial year ended 31 August 2007 together with External Auditors;
- h) Reviewed the External Auditors' Report for financial year ended 31 August 2007 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 Board;
- i) Reviewed the 2007 Annual Report prior to submission to the Board for consideration and approval; and
- j) Reviewed the performance of the External Auditors before recommending to the Board to propose the re-appointment to the members.

#### TERMS OF REFERENCE

##### 1. Objectives

The principal objective of the Audit Committee is to assist the Board of Directors ("the Board") of NWP Holdings Berhad ("the Company") in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and its subsidiary, NWP Industries Sdn. Bhd., DMKT Timber Sdn. Bhd. and NWP O&M 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 Malaysian 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 comprise 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 two (2) months of that event, appoint such number of the new members as may be required to make up the minimum three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years. The Company Secretary shall be the Secretary of the Audit Committee.

## 3. Meetings

- 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 Financial Controller, 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 Audit 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 authorized 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 endeavor 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 judgment;
- 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 judgmental 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: -
  - i) 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;
  - ii) 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;
  - iii) Review any appraisal or assessment of the performance of members of the internal audit function;
  - iv) Approve any appointment or termination of senior staff members of the internal audit function; and
  - v) 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 endeavors 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 2008.

## **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 seven (7) members, namely the Chairman (who is a Non-Independent and Non-Executive Director), the Chief Executive Officer, two (2) Executive Directors, and three (3) 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 Independents.

The Chief Executive Officer 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, five (5) Board meetings were held. Most 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 & Non-Executive)	11-01-2008	2 / 5	40%
Mr. Wong See Ming	Chief Executive Officer	29-01-2001	5 / 5	100%
Mr. Chang Ah Ngau	Executive Director	19-07-2000	5 / 5	100%
Encik Majid Bin Mat Lazim	Executive Director	19-07-2000	5 / 5	100%
Mr. Lee Khim Sin	Independent Non-Executive Director	19-07-2000	5 / 5	100%
Datuk John Maluda	Independent Non-Executive Director	04-02-2008	2 / 5	40%
Mr. Wong Wee Kean	Independent Non-Executive Director	23-08-2007	5 / 5	100%

## 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.

## Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three 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. Both Datuk Richard Bainon and Datuk John Maluda have attended the Mandatory Accreditation Programme for Directors of Public Listed Companies on 22nd and 23rd of April 2008.

A special customized training session on "Effective Manufacturing Problem Solving System" was conducted on 3rd December 2008 for the Board of Directors.

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.

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

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

All directors have access to the advice and services of the Company Secretary. The Directors also have access to any other information within the Group and may obtain from External Auditors and other independent professionals advice, at the Company's expense in the furtherance of their duties.

### **Board Duties And Responsibilities**

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

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

- a) Reviewing and adopting a strategic plan for the Group.
- b) Overseeing the conduct of the Company's operations to evaluate whether the business is being properly managed.
- c) Identify principal risk and ensure the implementation of appropriate Risk Management System.
- d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management.

- e) Developing and implementing an investor relation's programme or shareholder communications policy for the Company.
- f) Reviewing the adequacy and integrity of the Company's internal control systems and management information system for compliance with applicable laws, regulations, rules, directives and guidelines.

### 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 numbers of meetings of the Board Committees held during the financial year were: -

Committees	Nos. of meetings held	Chaired by
(a) Audit Committee	5 meetings	Mr. Lee Khim Sin <i>Independent Non-Executive Director</i>
(b) Nomination Committee	2 meeting	Mr. Lee Khim Sin <i>Independent Non-Executive Director</i>
(c) Remuneration Committee	0 meeting	Mr. Lee Khim Sin <i>Independent Non-Executive Director</i>
(d) Investment Committee	0 meeting	Mr. Wong See Ming <i>Chief Executive Officer</i>

#### (i) Audit Committee

Presently the Audit Committee comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director.

#### (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> )
Datuk John Maluda*	Member ( <i>Independent Non-Executive Director</i> )
Wong Wee Kean	Member ( <i>Independent Non-Executive Director</i> )

\* *Datuk John Maluda appointed on 28.10.2008*

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

- a) To recommend to the Board, suitable candidates for new appointment as Director(s) to the Board (if and when necessary).
- b) To review regularly the Board's structure, size of composition and make recommendation to the Board, the required mix of skills and experience including core competencies that the Board requires, in order to function effectively and efficiently.
- c) To assess the existing Directors on-going basis, the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.

**(iii) Remuneration Committee**

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

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

\* *Datuk John Maluda appointed on 28.10.2008*

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

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

**(iv) Investment Committee**

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

Members	Designation
Wong See Ming*	Chairman (Chief Executive officer)
Chang Ah Ngau	Member (Executive Director)
Majid Bin Mat Lazim	Member (Executive Director)

The Board of Directors has appointed the Investment Committee members on 23rd December 2004. They will meet as and when required. The quorum of meeting all consist at least two (2) Committee members.

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

- a) To identify, explore and evaluate all potential investment opportunities available with the objective of enhancing the Group's performance and profitability.
- 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.

\* *Mr. Wong See Ming has taken over the Chairmanship of the Investment Committee from En. Majid Bin Mat Lazim on 28.10.2008.*

**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 paid by its subsidiary, are categorized into following components:-

Board of Directors	Directors' Fees (RM'000)	Directors' Salaries, Emoluments & Allowances (RM'000)	Total (RM'000)
Executive Directors	0	230	230
Non-Executive Directors	60	0	60
Total	60	230	290

The remunerations 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	0	4
RM50,000 to RM100,000	2	0
RM100,000 to RM150,000	1	0

## INVESTORS AND SHAREHOLDERS RELATIONSHIP

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

The Group has an interactive website available at <http://www.nwp.com.my> to communicate with investors and the investing public. The website 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 and Chairman of the Audit Committee.

## 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 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 24 to 25 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 2008, 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 27 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 has fully complied with the amended Malaysian Code on Corporate Governance, throughout the financial year ended 31st August 2008.

## 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) Utilization 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) Material 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 2008.

## 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 recognizes the importance of the sound internal control and risk management practices to good corporate governance. The Board acknowledges that the overall responsibility of maintaining a reliable system of internal control lies with them and is achieved through the process of reviewing the adequacy and integrity of the 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 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. Each executive plays 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 contractual 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 page 47 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 respect the Group's CSR initiatives employed the following strategies: -

- 1) Practice only Reduce Impact Logging (RIL) Method in our timber harvesting operation.
- 2) Undertake sustainable forest management in accordance with Forestry Department Guidelines, including silviculture and replanting of valuable species to ensure sustainability for the future.
- 3) Does not purchase or utilized any logs 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 has never employed any illegal foreign workers or workers below the statutory working age.

In addition, the Group provides accommodation to immediate family members of workers 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 and improved their production efficiency.

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. Provision of safety gears, training and frequent drills are carried out to instill safety consciousness in the staff and workers.

The Group will continue to review its corporate social responsibilities efforts with the view of sharing the benefits with its stakeholders.

The background features several stylized tree silhouettes in a light green color. The trees have dense, rounded canopies and thin trunks. At the bottom of the page, a large, detailed illustration of a tree's root system is shown, with many roots spreading out horizontally and vertically. The overall theme is nature and growth.

## Financial Statements

- 28** Directors' Report
- 31** Statement by Directors and Statutory Declaration
- 32** Report of the Auditors
- 34** Consolidated Balance Sheet
- 35** Consolidated Statement of Changes in Equity
- 36** Consolidated Income Statement
- 37** Consolidated Cash Flow Statement
- 38** Balance Sheet
- 39** Statement of Changes in Equity
- 40** Income Statement
- 41** Cash Flow Statement
- 42** Notes to Financial Statements

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, 2008.

### 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

	GROUP RM	COMPANY RM
Net loss for the financial year	(6,670,853)	(6,679,454)

### 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 the consolidated statement 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 no 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 require any amount to be written off as bad debts or render the amount provided for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to 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.

### 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 :-

DATUK RICHARD BAINON @ RAYNER	(Appointed on 11.01.2008)
DATUK JOHN MALUDA @ WANJI	(Appointed on 04.02.2008)
WONG SEE MING	
CHANG AH NGAU	
MAJID BIN MAT LAZIM	
LEE KHIM SIN	
WONG WEE KEAN	

In accordance with the Articles of Association, Lee Khim Sin and Wong See Ming retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

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

	...Number Of Ordinary Shares Of RM0.25 Each...			Balance 31.08.2008
	Balance 01.09.2007	Bought	Sold	
MAJID BIN MAT LAZIM				
- Indirect*	160,355,996	-	-	160,355,996
CHANG AH NGAU				
- Indirect**	27,200,000	-	-	27,200,000
DATUK RICHARD BAINON @ RAYNER				
- Direct	237,800	-	-	237,800
WONG SEE MING				
- Direct	19,407,000	-	-	19,407,000
- Indirect*	160,355,996	-	-	160,355,996

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

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

## 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.

## 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  
Director

CHANG AH NGAU  
Director

Date : 9 December 2008

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, 2008 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**

Director

**CHANG AH NGAU**

Director

Date : 9 December 2008

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 9 December 2008

**WONG SEE MING**

Before me,

**Commissioner for Oaths**  
**SOONG FOONG CHEE**  
**NO. B 158**

## Report on the Financial Statements

We have audited the financial statements of NWP HOLDINGS BERHAD, which comprise the balance sheets as at 31st August, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 59.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st August, 2008 and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

- (b) We are satisfied that the accounts of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **YEAP CHENG CHUAN & CO.**

No. AF 0116

Chartered Accountants

#### **YEAP CHENG CHUAN**

No. 566/4/10 (J/PH)

Chartered Accountant

Petaling Jaya,

Date : 9 December 2008

	Note	2008 RM	2007 RM
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	33,764,087	37,125,790
Prepaid lease payments	6	5,181,372	5,251,705
Deferred expenditure	7	-	900,744
		38,945,459	43,278,239
<b>Current Assets</b>			
Inventories	8	23,144,433	29,480,824
Receivables	9	14,521,951	14,916,845
Fixed deposits	11	10,979,509	8,231,506
Tax credit		32,255	32,255
Cash and bank balances		292,610	481,952
		48,970,758	53,143,382
<b>Total Assets</b>		<b>87,916,217</b>	<b>96,421,621</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable To Equity Holders Of The Company</b>			
Share capital	12	80,000,000	80,000,000
Share premium		4,018,960	4,018,960
Revaluation reserve	13	8,038,082	8,155,465
Accumulated losses	14	(10,459,962)	(3,906,492)
		81,597,080	88,267,933
<b>Minority Interest</b>		-	-
<b>Total Equity</b>		<b>81,597,080</b>	<b>88,267,933</b>
<b>Non Current Liabilities</b>			
Hire purchase creditors	16	959,525	1,554,098
<b>Current Liabilities</b>			
Payables	17	1,654,120	1,306,125
Bank borrowings	18	3,075,774	4,663,604
Hire purchase creditors	16	629,718	629,861
		5,359,612	6,599,590
<b>Total Liabilities</b>		<b>6,319,137</b>	<b>8,153,688</b>
<b>Total Equity and Liabilities</b>		<b>87,916,217</b>	<b>96,421,621</b>

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

	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Unappropriated Profits/ (Accumulated Losses) RM	Total RM
Balance at 01.09.2006	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 31.08.2007	80,000,000	4,018,960	8,155,465	(3,906,492)	88,267,933
Realisation from disposal of plant and machinery	-	-	(117,383)	117,383	-
Net loss for the financial year	-	-	-	(6,670,853)	(6,670,853)
Balance at 31.08.2008	80,000,000	4,018,960	8,038,082	(10,459,962)	81,597,080

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

	Note	2008 RM	2007 RM
Revenue	19	16,837,621	24,013,832
Cost of sales		(21,035,213)	(31,715,903)
Gross loss		(4,197,592)	(7,702,071)
Other operating income		330,512	272,379
Administrative expenses		(1,914,686)	(2,148,947)
Other operating expenses		(391,775)	(490,334)
Loss from operations		(6,173,541)	(10,068,973)
Finance costs	20	(497,312)	(502,877)
Loss before taxation	21	(6,670,853)	(10,571,850)
Taxation	22	-	-
Net loss for the financial year		(6,670,853)	(10,571,850)
Attributable to :			
Equity holder of the Company		(6,670,853)	(10,571,850)
Minority interest		-	-
Net loss for the financial year		(6,670,853)	(10,571,850)

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

	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,670,853)	(10,571,850)
Adjustments for :-		
Amortisation of deferred expenditure	900,744	600,496
Amortisation of prepaid lease payments	70,333	58,009
Depreciation of property, plant and equipment	2,907,141	5,007,134
Provision for doubtful debts	38,476	320,174
Gain on disposal of motor vehicles	(43,583)	-
Loss on disposal of plant and machinery	58,583	-
Interest expense	497,311	502,877
Interest income	(178,929)	(211,345)
Operating loss before working capital changes	(2,420,777)	(4,294,505)
Changes in inventories	6,336,391	(4,028,834)
Changes in receivables	356,418	16,626,896
Changes in payables	845,156	(1,177,705)
Cash provided by operations	5,117,188	7,125,852
Interest paid	(368,289)	(373,205)
Net cash provided by operating activities	4,748,899	6,752,647
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of plant and equipment	270,000	70,000
Purchase of plant and equipment	(327,600)	(806,062)
Interest received	178,929	211,345
Net cash provided/(used) by investing activities	121,329	(524,717)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(129,023)	(129,672)
Repayments to hire purchase creditors	(594,714)	(686,602)
Repayments to bankers' acceptance	(108,000)	(1,377,000)
Net cash used by financing activities	(831,737)	(2,193,274)
Net increase in cash and cash equivalents	4,038,491	4,034,656
Cash and cash equivalents brought forward	4,157,854	123,198
Cash and cash equivalents carried forward	8,196,345	4,157,854
Represented by:-		
Cash and bank balances	292,610	481,952
Fixed deposits	10,979,509	8,231,506
Bank overdrafts	(3,075,774)	(4,555,604)
	8,196,345	4,157,854

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

	Note	2008 RM	2007 RM
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Investment in subsidiary companies	4	43,648,797	50,377,207
<b>Current Assets</b>			
Receivables	9	9,047	6,834
Amounts due by subsidiary companies	10	27,008,511	37,894,883
Fixed deposits	11	10,945,488	-
Cash and bank balances		8,069	4,109
		37,971,115	37,905,826
<b>Total Assets</b>		<b>81,619,912</b>	<b>88,283,033</b>
<b>EQUITY AND LIABILITY</b>			
<b>Equity Attributable To Equity Holder Of The Company</b>			
Share capital	12	80,000,000	80,000,000
Share premium		11,618,960	11,618,960
Accumulated losses		(10,021,881)	(3,342,427)
		81,597,079	88,276,533
<b>Minority Interest</b>		-	-
<b>Total Equity</b>		<b>81,597,079</b>	<b>88,276,533</b>
<b>Current Liability</b>			
Payables	17	22,833	6,500
<b>Total Liability</b>		<b>22,833</b>	<b>6,500</b>
<b>Total Equity and Liability</b>		<b>81,619,912</b>	<b>88,283,033</b>

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

	Share Capital RM	Share Premium RM	Unappropriated Profits/ (Accumulated Losses) RM	Total RM
Balance at 01.09.2006	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 31.08.2007	80,000,000	11,618,960	(3,342,427)	88,276,533
Net loss for the financial year	-	-	(6,679,454)	(6,679,454)
Balance at 31.08.2008	80,000,000	11,618,960	(10,021,881)	81,597,079

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

	Note	2008 RM	2007 RM
Revenue	19	138,554	-
Administrative expenses		(66,056)	(50,782)
Other operating expenses		(23,542)	(16,025)
Allowance for diminution in value of investment of subsidiaries	4	(6,728,410)	(3,263,511)
Loss before taxation	21	(6,679,454)	(3,330,318)
Taxation	22	-	-
Net loss for the financial year		(6,679,454)	(3,330,318)
Attributable to :			
Equity holder of the Company		(6,679,454)	(3,330,318)
Minority interest		-	-
Net loss for the financial year		(6,679,454)	(3,330,318)

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

	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,679,454)	(3,330,318)
Adjustments for :-		
Allowance for diminution in value of subsidiaries	6,728,410	3,263,511
Operating profit/(loss) before working capital changes	48,956	(66,807)
Changes in receivables	(2,213)	(2,334)
Changes in payables	16,333	986
Net cash provided/(used) by operating activities	63,076	(68,155)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayments by subsidiary companies	10,886,372	71,963
Net increase in cash and cash equivalents	10,949,448	3,808
Cash and cash equivalents brought forward	4,109	301
Cash and cash equivalents carried forward	10,953,557	4,109
Represented by :-		
Fixed deposit	10,945,488	-
Cash and bank balances	8,069	4,109
	10,953,557	4,109

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

## 1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 56 Km, Jalan Kimanis, Beaufort Highway, P.O. Box 362, 89608 Papar, Sabah, Malaysia.

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 holding company of the Company is Sepang Heights Sdn. Bhd., a company incorporated in Malaysia.

The financial statements of the Company are expressed in Ringgit Malaysia (RM).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention 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 MASB has issued a number of new and revised Financial Reporting Standards (FRS) and interpretations that are effective for accounting periods beginning on or after 1st January, 2006.

#### Standards Issued and Adopted

The Group and the Company has adopted the following FRSs in the financial year ended 31st August, 2007 except for FRS 117 which was adopted in the financial year ended 31st August, 2008:-

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 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidation and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

On 1st September 2007, the Group and the Company adopted FRS 117: Leases. The adoption has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1st September, 2007, leasehold land held for own use was classified as property, plant and equipment and stated at cost or valuation less accumulated depreciation and impairment losses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of Accounting (continued)

Upon the adoption, the unamortised amount of leasehold land is retained as the carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative figures as at 31st August, 2007, have been restated as shown in Note 6. There is no effect to the income statements.

### (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 will be 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 adoption 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.

### (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.

It is the Company's policy to appraise its properties at least once in every five years by independent valuers based on open market value. 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 or 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Property, Plant and Equipment (continued)**

- (ii) Depreciation  
Freehold land and asset under construction are not depreciated.

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 :-

	%
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

**(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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(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) Operating Leases and Prepaid Lease Payments**

Operating leases are leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item. Operating lease expenses are recognised in the income statement as incurred over the period of the respective leases, which is normally on a straight-line basis.

In the case of a lease of land and building, the minimum lease payments or the up-front payments made on entering into or acquiring a leasehold land are accounted as prepaid lease payments and are amortised on a straight-line basis over the lease term.

Leasehold land of the Group is amortised over the period of the respective leases which range from 56 to 90 years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Foreign Currencies

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

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

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	2008 RM	2007 RM
1 Euro	5.0330	4.8140
1 Singapore Dollar	2.4125	2.3165
1 US Dollar	3.4100	3.5250
100 Yen	3.1170	3.0520

### (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.

### (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.

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

**(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.

**(p) Deferred Expenditure**

Capital expenditure incurred which are related to a specific project or contract are deferred and amortised or depreciated according to the respective estimated duration of the project or contract, once the project or contract commences. Should the project or contract be terminated earlier, any balances that have not been amortised or depreciated are immediately charged as an expense to the income statement.

### 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.

(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. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2008 RM	2007 RM
At Cost		
Unquoted shares	53,640,718	53,640,718
Less : Accumulated impairment losses	(9,991,921)	(3,263,511)
	43,648,797	50,377,207

During the year, the Company recognised impairment loss of RM6,728,410 (2007 : RM3,263,511) with respect to investment in subsidiaries for subsidiaries with deficit in the shareholders' funds as at the balance sheet date and recorded operating loss during the financial year.

**4. INVESTMENT IN SUBSIDIARY COMPANIES (continued)**

The subsidiary companies, all incorporated in Malaysia, as at 31st August, 2008 are as follows:-

Name of Company	Principal Activities	Effective Equity Interest	
		2008	2007
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	Provision of sawmilling services but ceased operations during the financial year ended 31st August, 2008	100%	100%

**5. PROPERTY, PLANT AND EQUIPMENT****GROUP**

2008	Buildings and quarters RM	Long term leasehold land RM	Motor vehicles, plant and machinery, tools and equipment and factory equipments RM	Office renovation, furniture and fittings, electrical installation and office equipment RM	Road and work-in-progress RM	Total RM
<u>Cost/valuation</u>						
At 01.09.2007 (as previously stated)	17,479,956	5,524,149	48,494,847	2,381,382	1,110,886	74,991,220
Effect of adopting FRS 117 (Note 6)	-	( 5,524,149)	-	-	-	(5,524,149)
At 01.09.2007 (restated)	17,479,956	-	48,494,847	2,381,382	1,110,886	69,467,071
Additions	-	-	304,546	23,054	-	327,600
Disposals	-	-	( 560,091)	-	(399,506)	(959,597)
At 31.08.2008	17,479,956	-	48,239,302	2,404,436	711,380	68,835,074

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

## GROUP

2008	Buildings and quarters RM	Long term leasehold land RM	Motor vehicles, plant and machinery, tools and equipment and factory equipments RM	Office renovation, furniture and fittings, electrical installation and office equipment RM	Road and work-in-progress RM	Total RM
<u>Accumulated Depreciation</u>						
At 01.09.2007 (as previously stated)	1,628,956	272,444	29,091,690	1,387,302	233,333	32,613,725
Effect of adopting FRS 117 (Note 6)	-	(272,444)	-	-	-	(272,444)
At 01.09.2007 (restated)	1,628,956	-	29,091,690	1,387,302	233,333	32,341,281
Charge for the financial year	349,599	-	2,299,439	186,965	71,138	2,907,141
Disposals	-	-	(110,091)	-	(67,344)	(177,435)
At 31.08.2008	1,978,555	-	31,281,038	1,574,267	237,127	35,070,987
<u>Net Book Value</u>						
At 31.08.2008	15,501,401	-	16,958,264	830,169	474,253	33,764,087
At 31.08.2007	15,851,000	-	19,403,157	994,080	877,553	37,125,790
Depreciation charged for the financial year ended 31.08.2007	324,533	-	4,397,821	184,780	100,000	5,007,134

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

## GROUP

2007 (restated)	Buildings and quarters RM	Long term leasehold land RM	Motor vehicles, plant and machinery, tools and equipment and factory equipments RM	Office renovation, furniture and fittings, electrical installation and office equipment RM	Road and work-in-progress RM	Total RM
<u>Cost/valuation</u>						
At 01.09.2006 (as previously stated)	16,226,627	4,568,914	44,808,930	2,201,519	1,110,886	68,916,876
Effect of adopting FRS 117 (Note 6)	-	(4,568,914)	-	-	-	(4,568,914)
At 01.09.2006 (restated)	16,226,627	-	44,808,930	2,201,519	1,110,886	64,347,962
Revaluation surplus	1,253,329	-	3,279,694	-	-	4,533,023
Additions	-	-	5,310,361	179,863	-	5,490,224
Disposals	-	-	(4,904,138)	-	-	(4,904,138)
At 31.08.2007	17,479,956	-	48,494,847	2,381,382	1,110,886	69,467,071
<u>Accumulated Depreciation</u>						
At 01.09.2006 (as previously stated)	1,304,423	214,435	25,323,628	1,202,522	133,333	28,178,341
Effect of adopting FRS 117 (Note 6)	-	(214,435)	-	-	-	(214,435)
At 01.09.2006 (restated)	1,304,423	-	25,323,628	1,202,522	133,333	27,963,906
Charge for the financial year	324,533	-	4,397,821	184,780	100,000	5,007,134
Disposals	-	-	(629,759)	-	-	(629,759)
At 31.08.2007	1,628,956	-	29,091,690	1,387,302	233,333	32,341,281
Net Book Value	15,851,000	-	19,403,157	994,080	877,553	37,125,790

**5. PROPERTY, PLANT AND EQUIPMENT (continued)****GROUP**

	Cost RM	Valuation 2007 RM	Total RM
<b>Analysis of Cost or Valuation:-</b>			
<b>At 31st August, 2008</b>			
* Long term leasehold land	-	-	-
Buildings and quarters	126,633	17,353,323	17,479,956
Road and work in progress	711,380	-	711,380
Motor vehicles, plant and machinery, tools and equipment and factory equipment	5,140,318	43,098,984	48,239,302
Office renovation, furniture and fittings, electrical installation, and office equipment	2,404,436	-	2,404,436
	8,382,767	60,452,307	68,835,074
<b>At 31st August, 2007</b>			
* Long term leasehold land	-	-	-
Buildings and quarters	126,633	17,353,323	17,479,956
Road and work in progress	1,110,886	-	1,110,886
Motor vehicles, plant and machinery, tools and equipment and factory equipment	5,132,730	43,362,117	48,494,847
Office renovation, furniture and fittings, electrical installation, and office equipment	2,381,382	-	2,381,382
	8,751,631	60,715,440	69,467,071

\*The effect of adopting FRS 117 results in the total revalued amount for leasehold land being reclassified as prepaid lease payments as shown in Note 6.

- (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 equipment. The revaluation surplus of RM5,605,641 arising from the revaluation is credited into the revaluation reserve as disclosed in Note 13.
- (b) Leasehold land (reclassified as prepaid lease payments) stated at net book value of RM2,259,331 (2007 : RM2,297,700) was charged to a bank to secure banking facilities as referred to in Note 18 to the financial statements.
- (c) Work-in-progress represented extension work on the Company's factory building.
- (d) As at balance sheet date, net book value of motor vehicles of the Group held under hire purchase arrangements amounted to RM2,141,111 (2007: RM2,637,000).

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (e) Had the revalued motor vehicles and plant and machinery of the Group been stated at historical cost less accumulated depreciation, the carrying amount that would have been recognised in the financial statements at the end of the financial year would be:-

	GROUP	
	2008 RM	2007 RM
Motor vehicles	41,367	56,167
Plant and machinery	9,712,302	12,708,040

- (f) The Directors have conducted a review on the valuation for property, plant and equipment of the Company for the year ended 31st August, 2008 and are of the view that there is no necessity to provide for any impairment.

**6. PREPAID LEASE PAYMENTS**

	GROUP	
	2008 RM	2007 RM
At 01.09.2007/2006 (as previously stated)	-	-
Effect of adopting FRS 117		
At valuation (Note 5)	5,524,149	4,568,914
Accumulated amortisation (Note 5)	(272,444)	(214,435)
At 01.09.2007/2006 (restated)	5,251,705	4,354,479
Revaluation surplus	-	955,235
Amortisation for the year	(70,333)	(58,009)
At 31.08.2008/2007	5,181,372	5,251,705
Represented by:		
Unexpired period more than 50 years	5,181,372	5,251,705

Prepaid lease payments (previously stated as leasehold land) are stated at net book value of RM2,259,331 (2007 : RM2,297,700) was charged to a bank to secure banking facilities as referred to in Note 18 to the financial statements.

**7. DEFERRED EXPENDITURE**

	GROUP	
	2008 RM	2007 RM
At 1st September	900,744	1,501,239
Amortisation for the financial year	(900,744)	(600,495)
At 31st August	-	900,744

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

**8. INVENTORIES**

	GROUP	
	2008 RM	2007 RM
<u>At Cost</u>		
Raw materials	19,368,214	17,822,668
Work-in-progress	3,123,922	9,075,303
Finished goods	557,141	2,484,168
Consumable stock	95,156	98,685
	23,144,433	29,480,824

**9. RECEIVABLES**

	GROUP	
	2008 RM	2007 RM
Trade receivables	11,093,737	8,626,253
Less : Allowance for doubtful debts	(358,650)	(320,174)
	10,735,087	8,306,079
Other receivables, deposits and prepayments	3,786,864	6,610,766
	14,521,951	14,916,845

	COMPANY	
	2008 RM	2007 RM
Deposits and prepayments	9,047	6,834

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

**10. AMOUNTS DUE BY SUBSIDIARY COMPANIES**

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

**11. FIXED DEPOSITS**

	GROUP	
	2008 RM	2007 RM
With licensed banks	10,979,509	8,231,506

**11. FIXED DEPOSITS (continued)**

	COMPANY	
	2008 RM	2007 RM
With licensed banks	10,945,488	-

The interest rate of fixed deposits ranged from 2.40% to 3.20% (2007 : 2.40% to 3.20%) per annum with an average maturity period of 30 days (2007 : 30 days).

**12. SHARE CAPITAL**

	GROUP/COMPANY	
	2008 RM	2007 RM
<u>Authorised</u> 400,000,000 ordinary shares of RM0.25 each	100,000,000	100,000,000
<u>Issued And Fully Paid Up</u> 320,000,000 ordinary shares of RM0.25 each	80,000,000	80,000,000

**13. REVALUATION RESERVE**

	GROUP	
	2008 RM	2007 RM
At 1st September	8,155,465	2,549,824
Revaluation of property, plant and equipment	-	5,605,641
Realisation from disposal of plant and machinery	(117,383)	-
At 31st August	8,038,082	8,155,465

Revaluation reserve arose from the revaluation of leasehold land and buildings as mentioned in Note 5(a) .

**14. ACCUMULATED LOSSES**

As at 31st August, 2008, the Group has unabsorbed capital allowances and tax losses amounting to approximately RM19,274,211 (2007 : RM15,523,142) which can, subject to the Inland Revenue Board, be carried forward and utilised to set-off future taxable income.

**15. DEFERRED TAXATION**

Deferred tax assets have not been recognised in report of the following items :-

	GROUP	
	2008 RM	2007 RM
Reinvestment allowances	18,494,326	18,495,046
Unabsorbed capital allowances	8,494,555	7,839,795
Unabsorbed business losses	10,779,656	7,683,347
	37,768,537	34,018,188

The availability of the unutilised tax losses, unabsorbed capital and reinvestment allowances for off setting against future taxable profits of the subsidiaries in which those items arose are subject to no substantial changes in shareholdings of the subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authorities.

**16. HIRE PURCHASE CREDITORS**

	GROUP	
	2008 RM	2007 RM
Total future installments payable	1,899,768	2,619,666
Unexpired interest	(310,525)	(435,707)
Total future principal payable	1,589,243	2,183,959
Future installments payable		
- not later than 1 year	755,455	755,772
- more than 1 year and less than 5 years	1,144,313	1,863,894
	1,899,768	2,619,666
Future principal payable		
- not later than 1 year <i>(included under current liabilities)</i>	629,718	629,861
- more than 1 year and less than 5 years	959,525	1,554,098
	1,589,243	2,183,959

The hire purchase payables bear effective interest rates ranging from 3.9% to 4.5% (2007 : 3.9% to 4.5%) per annum.

**17. PAYABLES**

	GROUP	
	2008 RM	2007 RM
Trade payables	530,966	238,154
Other payables and accrued liabilities	1,123,154	1,067,971
	1,654,120	1,306,125

  

	COMPANY	
	2008 RM	2007 RM
Other payables and accrued liabilities	22,833	6,500

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

**18. BANK BORROWINGS**

	GROUP	
	2008 RM	2007 RM
Bank overdrafts	3,075,774	4,555,604
Bankers' acceptance	-	108,000
	3,075,774	4,663,604

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 Company and the holding company; and
- (d) Jointly and severally guaranteed by two Directors of the Company.

The bank overdraft interest ranges from 8.25% to 8.75% (2007 : 8.25% to 8.75%) per annum of the reference banks and were secured in the manner as above.

The bankers' acceptance commission ranges from 3.00% to 3.35% (2007 : 3.00% to 3.35%) per annum.

**19. REVENUE**

	GROUP	
	2008 RM	2007 RM
Fixed deposit interest	138,554	-
Sale of goods	15,030,735	23,237,150
Services rendered	1,668,332	776,682
	16,837,621	24,013,832

  

	COMPANY	
	2008 RM	2007 RM
Fixed deposit interest	138,554	-

**20. FINANCE COSTS**

	GROUP	
	2008 RM	2007 RM
Bank overdraft interest	349,109	241,848
Bank interest	19,180	131,357
Hire purchase interest	129,023	129,672
	497,312	502,877

Bank overdraft interest refers strictly to interest paid on overdraft. Bank interest refers to interest paid on banking facilities other than overdraft, such as bankers' acceptance interest.

**21. LOSS BEFORE TAXATION**

Loss before taxation is stated

	GROUP	
	2008 RM	2007 RM
After charging:-		
Amortisation of deferred expenditure	900,744	600,496
Amortisation of prepaid lease payments	70,333	58,009
Auditors' remuneration	21,800	25,000
Depreciation of property, plant and equipment	2,907,141	5,007,134
Directors' remuneration:-		
- Fees	59,500	42,000
- Salaries	186,626	165,742
- Allowances	22,851	32,026
- Other emoluments	21,018	20,049
Loss on disposal of plant and machinery	58,583	-
Loss on foreign exchange - realised	224	-
Provision for doubtful debts	38,476	320,174
Rental	42,715	13,500

**21. LOSS BEFORE TAXATION (continued)**

	GROUP	
	2008 RM	2007 RM
And crediting :-		
Fixed deposit interest received	178,929	211,345
Gain on foreign exchange - realised	-	1,034
Gain on disposal of motor vehicles	43,583	-
Rental income	108,000	60,000
	COMPANY	
	2008 RM	2007 RM
After charging :-		
Auditors' remuneration	3,000	3,000
Allowance for diminution in value of subsidiaries	6,728,410	3,263,511

**22. TAXATION**

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

	GROUP	
	2008 RM	2007 RM
Loss before taxation	(6,553,470)	(10,571,850)
Statutory tax rate of 26% (2007 : 27%)	(1,703,902)	(2,854,400)
Effect of deductible temporary differences not recognised	3,434,170	2,913,182
Non deductible expenses	(1,730,268)	(58,782)
Tax expense	-	-
	COMPANY	
	2008 RM	2007 RM
Loss before taxation	(6,679,454)	(3,330,318)
Statutory tax rate of 26% (2007 : 27%)	(1,736,657)	(899,186)
Effect of deductible temporary differences not recognised	1,716,482	14,528
Non deductible expenses	20,175	884,658
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**

	GROUP	
	2008 RM	2007 RM
<u>Staff Costs</u>		
Salaries, wages and allowances	2,142,807	1,517,110
Defined contribution plan	201,150	159,727
Other employee benefits	139,052	79,197
	<hr/>	<hr/>
	2,483,009	1,756,034

The number of employees in the Group (excluding Directors) as at 31st August, 2008 were 160 (2007 : 225).

**25. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The Company's financial statements were authorised for issue on 9th December, 2008 by the Board of Directors.

Location	Description/ Existing Use	Tenure/ Expiry Date	Land Area (Hectares)	Age of Building (Years)	Net Book Value (RM'000)
Country Lease 025339566, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of main office, tool and saw-doctoring rooms, machinery sheds, kiln drying bays, boiler buiding, stacking sheds, labourline, canteen and a timber workshop.	99 years lease expiring on 31 December 2064	4.046	15	9,544
Country Lease 025348298, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of machinery sheds, generator set room, kiln drying bays, staff quarters and with gross floor area of 99,880 square feet. The Buiding is adjoining the property mentioned above.	99 years lease expiring on 31 December 2096	2.683	12	6,236
Country Lease 025359951, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Open shed timber stock and moulding yard	99 years lease expiring on 31 December 2098	2.515	6	4,903

**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	26	2.32	776	0.00
100 – 1,000	61	5.45	30,552	0.01
1,001 – 10,000	802	71.67	3,803,384	1.19
10,001 – 100,000	191	17.07	4,012,088	1.25
100,001 – 15,999,999	37	3.31	124,597,204	38.94
Above 16,000,000 *	2	0.18	187,555,996	58.61
(*5% & above of issued shares)				
<b>Total</b>	<b>1,119</b>	<b>100.00%</b>	<b>320,000,000</b>	<b>100.00%</b>

**LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31ST DECEMBER 2008**

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
Datuk Richard Bainon @ Rayner	237,800			
Sepang Heights Sdn Bhd	160,355,996		50.11	
Cashflow Budget Sdn Bhd	27,200,000		8.50	

Note:-

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

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

**STATEMENT OF DIRECTORS' INTEREST IN SHARES AS AT 31ST DECEMBER 2008**

Name	NWP Holdings Berhad	
	Direct Interest No. of ordinary shares of RM0.25 each	Indirect Interest
Majid Bin Mat Lazim	-	160,355,996 *
Chang Ah Ngau	-	27,200,000 **
Wong See Ming	19,407,000	160,355,996 *
Datuk Richard Bainon @ Rayner	237,800	-
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.

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	Vector Thunder Sdn Bhd	9,476,000	2.96
8	Wong See Ming	9,023,200	2.82
9	RHB Capital Nominees (Tempatan) Sdn Bhd	9,000,000	2.81
10	Wong Oi Sang	6,405,332	2.00
11	Hoh Kim Ling	5,338,668	1.67
12	Pang Kwee Yin	5,333,336	1.67
13	Heliodoro Canalija Dayanan	4,944,000	1.55
14	Wong Yoon Moi	4,538,668	1.42
15	Lim Keng Loong	2,868,432	0.90
16	Ding Ming Tiong	1,440,800	0.45
17	Wong See Ming	1,383,800	0.43
18	CIMSEC Nominees (Asing) Sdn Bhd	900,000	0.28
19	Wong Siew Fong	834,600	0.26
20	CIMSEC Nominees (Tempatan) Sdn Bhd	730,000	0.23
21	Lum Chee Keong	629,100	0.20
22	Wong Say Hong	538,668	0.17
23	Choo Kam Lee	312,200	0.10
24	Che Umar Bin Yatin	300,000	0.09
25	Richard Bainon @ Rayner	237,800	0.07
26	Khor Chin Guan	209,500	0.07
27	Mayban Nominees (Tempatan) Sdn Bhd	200,000	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

# PROXY FORM

Ninth Annual General Meeting



HOLDINGS BERHAD

495476-M

\*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 Ninth Annual General Meeting of the Company to be held at Melati Room, The Royale Bintang Damansara, 6, Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 day of February 2009 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 31st August 2008 and the Reports of the Directors and Auditors thereon.		
2.	To Re-elect the following Directors retiring in accordance with the Company's Articles of Association:- a) Mr.Wong See Ming (Article 77) b) Mr.Lee Khim Sin (Article 77)		
3.	To re-appoint Messrs. Yeap Cheng Chuan & Co as the Company's Auditors and to authorize the Directors to fix their remuneration.		
4.	As Ordinary Resolution:- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
5.	Proposed Shareholders; Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (" Proposed Shareholder Mandates").		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

No. of shares held

\_\_\_\_\_  
Signature(s) of Shareholder(s)

\* Delete where applicable



## 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 not be entitled to appoint more than two (2) proxies to attend and vote at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
4. A member who is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix  
Stamp  
Here

To:  
The Company Secretary  
**NWP HOLDINGS BERHAD (495476-M)**  
Unit 1119, 11th Floor, Block A,  
Damansara Intan,  
No. 1, Jalan SS 20/27,  
47400 Petaling Jaya,  
Selangor Darul Ehsan.

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